

# **REPORT**

## **STUDY TEAM ON ADMINISTRATION OF UNION TERRITORIES AND NEFA**

**ADMINISTRATIVE REFORMS COMMISSION**

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*Dated the 16th September 1968.*

Dear Shri Hanumanthaiya,

I have pleasure in sending herewith the Report of the Study Team on the Administration of Union Territories and NEFA. It has taken us longer to complete our task than was originally expected. This is because on two occasions the Commission enlarged our terms of reference : firstly, on the 24th of June, 1967 by including several issues concerning financial aspects of the Administration of Union Territories and secondly, on the 16th February, 1968 by including the Administration of the North East Frontier Agency among the Administrations in respect of which studies had been remitted to us by the Commission.

I would like to place on record our appreciation for the valuable assistance we received from the research staff attached to our Secretariat, namely, Sarvshri C. P. Kapoor, S. R. Chellaney and H. K. Guha, all Senior Analysts, and Shri K. Ramanathan, Research Assistant. Not only did they function as a homogeneous team under the guidance of our Secretary, they also performed the tasks of collecting and analysing material, preparing papers, arranging meetings and interviews and other secretariat work with great competence and dispatch.

Finally, I shall be failing in my duty if I do not say a word about our Secretary, Shri R. N. Chopra. No praise is too high for the contribution he has made to the success of our work. The thoroughness with which he marshalled the material needed by us, the excellence of the series of papers that were prepared both by him and his staff and the insight that he brought to bear on the subject of study, were an

important factor in the success of our work. No less exemplary was the devotion and efficiency with which he organised the work of our Secretariat. My colleagues and I are deeply appreciative of Shri Chopra's work.

With regards,

*Yours sincerely,*

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## CHAPTER I

### INTRODUCTION

The Study Team was required to examine the administrative structures of the Union Territories\* and suggest reforms with a view to avoiding delays and securing economy in expenditure consistent with efficiency; we were also asked to examine the relations between the Government of India and the Administrations of Union Territories and make recommendations for their redefinition where necessary. Subsequently, our terms of reference were enlarged so as to include issues in the financial field, such as proposals for increase of revenue resources and consequential estimation of revenue receipts during the Fourth Plan period, estimation of financial requirements to meet committed revenue expenditure during the same period, budget and expenditure control, an enumeration of the principles that should govern the determination of Central financial assistance to the Union Territories and the problem of repayment of loans advanced by the Central Government. Finally, the North East Frontier Agency, where under special Constitutional dispensation the administration is identical to that of a Union Territory, was added to the list of Union Territories remitted to us for study.

2. While the financial issues referred to our Study Team were patently limited in scope, a similar view was also possible in relation to the other issues referred to us for study. Had that view prevailed, the scope of our study could have been limited to a specific examination of the administrative structure in each Union Territory, with a view to recommending changes to obviate delay and promote economy consistent with efficiency. But a wider interpretation was also possible. The people of Himachal Pradesh, Goa, Daman & Diu, Pondicherry, Manipur and Tripura have been given a substantial measure of responsible government. In Delhi also steps have been taken to associate representatives of the people with the administration. In this situation, a bare examination of administrative structures would have proved of limited utility. We, therefore, felt that our study should encompass a wider field so as to include the structures of the representative governments, as are now functioning in six of the Union Territories. In any case, this factor is of importance in an examination of the relations between the Central Government and the Union Territories.

3. Having adopted this approach, we felt that it would not be sufficient for our purpose if we merely confined ourselves to problems of structure without considering such basic questions as the future of the Union Territories. This matter is of importance when it is remembered that in respect of some Union Territories there is a persistent demand for their removal from Central administration either through grant of Statehood or their merger in the neighbouring States. There is yet another class of Union Territories, which are made up of discontinuous units, hundreds of miles apart, where administration from a central point is somewhat difficult

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\* (1) Himachal Pradesh, (2) Goa, Daman & Diu, (3) Pondicherry, (4) Manipur, (5) Tripura, (6) Delhi, (7) Andaman & Nicobar Islands, (8) Laccadive, Minicoy & Aminidivi Islands, (9) Dadra & Nagar Haveli, and (10) Chandigarh.

to conceive. In such a situation, any study of the Union Territories would be incomplete if it did not proceed logically to an examination of the question of their future.

4. Our study of the Administrations of the Union Territories has been broadly divided into six parts; the first, dealing with the historical background and evolution of Central administration; the second, delineating the perspective for the study of the problems of the Union Territories with Legislatures and those without, in the administrative and financial fields; the third, setting out our general recommendations for reforms; the fourth, dealing with individual Union Territories and their special problems; the fifth, where we have considered the future of the Union Territories; and the sixth, the conclusion, in which the scope and methods of work, acknowledgments and the summary of our recommendations have been given.

5. We have first considered the historical basis for Central administration in the Union Territories and the evolution of their present pattern of administration, first under the British and then under the provisions of the Constitution. We have taken special note of the experiment of responsible government in some of the former Part C States (two of which survive even today as Union Territories), its falling into disfavour, and its revival within a space of 12 years. We have also given special attention to the recommendations of the States Reorganisation Commission (1955), which made a detailed study of the rationale for Central administration of small pockets of territory, and its conclusions that, except in the case of the national capital, such a set-up was unjustified. We have also taken note of the creation of Union Territories in 1956 and subsequent developments leading to the grant of responsible governments to five of them in 1963.

6. With a clear picture of the historical background, we have proceeded to an examination of the shortcomings of the administrative and financial structures devised for the Union Territories. As the problems of the Union Territories with Legislatures are peculiar to them and can be directly attributed to the scheme devised under the Government of Union Territories Act, 1963, they have received separate attention. Those problems which are, more or less, common to all the Union Territories have then been dealt with in relation to various levels, which are concerned with their administration in the Centre and the Territories themselves, as also the problems relating to the staffing of senior posts, the All-India Services and the Territorial Services. In the financial field, we have taken note of the existing financial relations between the Centre and the Union Territories, the level of Central assistance, budget procedures, financial delegations, etc.

7. With a clear perspective of the issues involved in our study, we have proceeded to an examination of remedial steps that are needed to solve these problems. In relation to the Union Territories with Legislatures, the objective of our recommendations is to arrive at an arrangement, which can best be described as "Working Statehood". It has been our endeavour to devise an arrangement for these Territories where they are assured of maximum autonomy consistent with the status of their popular governments, while at the same time making provision for the discharge of Presidential responsibility for the good administration of the Union Territories. "Working Statehood" is the answer, where on the one hand, the

Union Territories are granted virtual autonomy in their day-to-day administration, while on the other, the Central Government retains control in crucial sectors. We have, therefore, recommended amendments in the Government of Union Territories Act, in the method of making and in the scope of the rules for the more convenient transaction of business within the Territorial Administrations.

8. While a general strengthening of the administrative arrangements within the Union Territories with Legislatures is a necessary corollary to "Working Statehood", such strengthening is also necessary in the other Territories. We have, therefore, considered this question in relation to the Administrator, the secretariat and the district; the arrangements for planning; the arrangements for administrative reforms; and finally, the services, both All-India and Territorial. As the administrative needs of the Union Territories are also reflected in the structure of the Ministry or Ministries concerned with their administration, we have considered the role of the Central Government, the need for a separate Department for Union Territories and the organisation of work in the Home Ministry.

9. In the financial field, we have distinguished between the needs of the Union Territories with Legislatures and those without this institution. For the former, in the context of the needs of "Working Statehood", we have suggested a radical departure from the prevailing procedures of budgeting, in which the final word is decisively that of the Centre. In the arrangements recommended by us, both the initiative in framing the budget and the last word in its finalisation is with the Assembly, and the Territorial Administration. This factor, coupled with adequate financial delegations will ensure virtual financial autonomy to the Territorial Administrations. In the case of the other Territories, however, a similar degree of financial autonomy is neither possible nor desirable. Hence, for those Territories we have confined our recommendations mainly to a greater delegation of financial powers. In accordance with our terms of reference, we have also made a detailed study of the prevailing sources of tax and non-tax revenues in various Union Territories. As a result of this examination, we have indicated the avenues which, in our view, deserve to be explored in the search for additional resources.

10. No examination of the problem of resource mobilisation can be complete without considering the possibilities for effecting economy in administrative expenditures—a task to which we have specifically addressed ourselves. In this matter we have taken advantage of the results of five work studies into the staff structures of the Union Territories of Himachal Pradesh, Pondicherry, Manipur and the Andaman & Nicobar Islands as well as NEFA. Although confined to the headquarters organisations of these administrations, they indicated staff surpluses ranging between 10% to 26%—a situation calling for immediate remedial action.

11. While we have generally covered the historical background leading to the creation of ten Union Territories and the special administrative status accorded to NEFA in an earlier part of the Report, we have thought it proper to also indicate in some detail the history of each Union Territory, from its ancient past through the various stages it has passed before attaining its present form. Following from our general recommendations on the administrative patterns for the Union Territories, we have also indicated the changes that may become necessary in the organisation of

work in each Territory. We hasten to clarify that our recommendations on this score are only intended as guidelines; in actual implementation, it will be necessary to take note of local conditions and similar factors. In dealing with the individual Territories, we have also made mention of some special problems which have come to our notice in the course of our study.

12. In the case of Himachal Pradesh, we may mention that at our instance, the Administrative Reforms Commission requested the Department of Administrative Reforms, Ministry of Home Affairs, to undertake a special study of the organisation, structures and procedures of that Administration and to suggest a general reorganisation with a view to securing maximum efficiency and economy. In the relevant Chapter dealing with this Union Territory we have considered the Report of the Special Study and indicated which of its recommendations we commend to the Commission for acceptance. We may also clarify that where we have found any recommendation made in the Special Study worth general adoption in all the Union Territories, we have recommended accordingly.

13. Lastly, we have dealt with the future of the Union Territories, a problem which is largely political in nature. We have first dealt with Territories like Himachal Pradesh, where there is a near unanimous demand for Statehood and where this demand has recently been debated in the highest forum of the land, namely, the Parliament. We have considered this problem in relation to Territories like Goa where an influential section of the political leadership wishes to extinguish its present status by merging it with the neighbouring State of Maharashtra. Chandigarh and Dadra & Nagar Haveli are also Territories in this category, where their merger has become a bone of contention between their neighbours. Finally, we have dealt with the problems of Delhi, a territory which has the distinction of being the seat of the national Government. While this factor has its own impact on the administrative structure of this Territory, the creation of the Metropolitan Council and Executive Council, a recent development, has resulted in a peculiar situation. Our consideration of the problems of Delhi has, therefore, taken note of this factor.

14. We have given detailed consideration to the recommendations of the States Reorganisation Commission where they have advocated direct Central administration for the national capital. While recognising the validity of these recommendations, we have kept in mind the steps that have since been taken to initiate a popular government in this Territory. Much as we would like a return to direct Central administration for that is the ideal solution to the problems of this Territory, we feel that a fair trial must first be given to the experiment of responsible government initiated only two years ago. With this objective in mind, we have suggested specific remedial measures which, within defined limits, will ensure a measure of real autonomy for the Territorial Administration, while at the same time, providing sufficient safeguards for the discharge of Central responsibility. If, however, there is no improvement despite the introduction of these changes, it may become necessary to undertake a general review of the arrangements made for this Territory. But that is a matter for the future.

## CHAPTER II

### HISTORICAL BACKGROUND

#### Introduction

15. Any study of the Union Territories is, in fact, a study of territorial administration by the Central Government. While this form of administration is not a normal function of a Federal Government, the Indian Constitution demarcates certain specified areas which are to be directly administered by the Union Government itself and are called Union Territories (Articles 1 and 239).

16. The history of Central administration in each Union Territory which exists today is a matter of interest to us for its study will help in evolving a method for their administrative and financial development, and provide valuable pointers to a possible solution of their future as Union Territories. However, before we go into the recent history of the Union Territories it will be fruitful to first delve briefly into the British system of Central administration in respect of areas which can be equated to the present day Union Territories.

17. The account of the evolution of Central administration given in the following sections has also been represented in the form of a tabular statement, which may be seen at Appendix I.

#### Pre-Independence Period

18. The need for special administrative arrangements arose when the British Administration first went into the areas in which there was a preponderance of tribals. At first the objective in view was served by carrying on the administration of specific areas according to special laws where, among other things, judicial and administrative procedure was greatly simplified. Once such areas were identified they were designated as "Scheduled Districts", and the mode of their administration was codified under the Scheduled Districts Act of 1874. The objective of this Act was two-fold, viz., (a) to provide for the extension by notification, to the Scheduled Districts of laws in force in any part of the British India with such special restrictions and modifications as were deemed necessary and thereby vesting in the executive wide powers of legislation by simple executive order; and (b) to provide for the appointment of officers to administer civil and criminal justice, to superintend the settlement and collection of public revenues and all matters relating to rent, and otherwise to conduct the administration within the Scheduled Districts. The provisions of this Act were extended, among other areas, to the Andaman & Nicobar Islands, the Laccadive Islands including Minicoy and the territory which is now known as the North East Frontier Agency.

19. Even though the Andaman & Nicobar Islands constituted a separate administrative unit under a Chief Commissioner, its administration was also carried on under the provisions of the 1874 Act. Similarly, the Laccadive Islands, including Minicoy, while forming part of the South Kanara District of Madras Presidency, were administered under the special provisions of this Act. Regarding the territory which now forms the North

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East Frontier Agency, it was part of the Chief Commissionership of Assam, and its administration was also on par with the arrangements made for the two island groups mentioned above.

20. The Government of India Act, 1919, continued the administration of such areas separately from the Provinces. Section 52-A of that Act removed "Backward Tracts" from the purview of the Provincial Legislatures, but the limits of such exclusion differed in extent and degree from area to area. Only the Laccadive Islands including Minicoy and the Sadiya, Ralipara and Lakimpur Frontier Tracts (subject to some territorial readjustments, now known as the North East Frontier Agency) were notified as "Backward Tracts". Section 52-A of the 1919 Act does not appear to have been invoked universally, for the Andaman & Nicobar Islands were never notified. The provisions of the Scheduled Districts Act, however, simultaneously continued to be in force in all these areas.

21. The Government of India Act, 1935 also recognised the need for special arrangements for the tribal areas of the country. Sections 91 and 92 provided for the declaration of "Excluded Areas" and "Partially Excluded Areas". No Act of the Federal Legislature or the Provincial Legislature could apply to these areas except on the directions of the Governor, who was empowered to make such exceptions and modifications as he considered necessary. It also enabled the Governor to make regulations for the peace and good government of the area but such regulations required the assent of the Governor-General. Among other areas, the border and frontier regions of Assam (*i.e.*, the present North East Frontier Agency), the Laccadive & Minicoy Islands and the Lahaul and Spiti area of Punjab (now included in Himachal Pradesh) were declared as "Excluded Areas".

22. Special arrangements were also made for the Andaman & Nicobar Islands. It was laid down that a Chief Commissioner's Province shall be administered by the Governor-General acting, to such extent as he thought fit, through a Chief Commissioner to be appointed by him in his discretion [section 94(3)]. The Governor-General was also empowered in his discretion to make regulations for the peace and good government of the Andaman & Nicobar Islands (section 96). The regulations so made could repeal or amend any Act of the Federal Legislature or any existing Indian law which was applicable to the Provinces. The regulations had the same force and effect as an Act of the Federal Legislature. It will be seen that the effect of the arrangements for the Andaman & Nicobar Islands was, more or less, the same as for the other two areas mentioned in the foregoing paragraph.

23. While the need for Central administration in the case of the Andaman & Nicobar Islands, the Laccadive Islands including Minicoy, and the areas which now constitute the North East Frontier Agency was mainly based on their tribal character and backwardness, the same considerations did not apply to Delhi. Delhi was proclaimed as the Capital of India on the occasion of the Coronation Durbar on the 11th December, 1911. When the Imperial Capital was shifted from Calcutta to Delhi in 1912 Delhi Tehsil and Mehrauli Thana were separated from the Punjab and organised into a separate Chief Commissioner's Province. This step became necessary as it was recognized that the Imperial Capital could not be subject to administrative control by a Provincial Government; Central administration was the answer. This status was continued under both the Government of India Acts of 1919 and 1935.

24. The history of three Union Territories, viz., Himachal Pradesh, Manipur and Tripura, is linked with that of the former princely states and their fate after Independence. During the British period both Manipur and Tripura were princely States; while the territory which now forms Himachal Pradesh was a group of hill states in north eastern Punjab.

25. As a part of the scheme of Indian Independence, the British made it clear that the Indian States would be free to retain their separate status, independent of the Indian Dominion. This was justified on the ground that with the departure of the British, the obligations of "paramountcy" would lapse, and as a consequence, the States would be free to decide their own future. Although this principle found expression in the Indian Independence Act, 1947 the Indian States soon realised that it was impossible for them to retain their independence, and even before the 15th August, 1947, a majority of them had acceded to the Indian Dominion. While some of the Indian States were merged into the provinces geographically contiguous to them, others were shaped into viable administrative units by consolidation into Union of States. A third group of States, for administrative, strategic or other special reasons, was converted into Centrally administered areas; Himachal Pradesh, Manipur and Tripura were included in this category.

26. This then was the position on the eve of Independence in 1947. Both Delhi and the Andaman & Nicobar Islands were the direct administrative responsibility of the Governor-General and were administered as Chief Commissioner's Provinces. Special administrative arrangements existed for the latter Province as also for the Laccadive, Minicoy & Amindivi Islands (parts of the Malabar and South Kanara districts of Madras Presidency) and the territory which now forms the North East Frontier Agency. The ex-princely States of Tripura and Manipur had already acceded to the Dominion of India. So also had a group of 21 hill States of the North West region; this group of States ultimately formed Himachal Pradesh.

27. At that time, the Portuguese were in possession of Goa, Daman & Diu and the enclaves of Dadra and Nagar Haveli. The status of these territories as Portuguese possessions was to continue for several more years before they were liberated, in one case by the Indian Army and in the other by the people themselves. Similarly, Pondicherry was a French possession and the agreements for its *de facto* and *de jure* transfer was a matter for the future. Chandigarh, even as a name, was unknown.

### **The Constitution**

28. After the attainment of Independence, the above arrangements continued without any significant modification until the enactment of the Constitution. As originally enacted, the Constitution recognised a four-fold categorisation of States and Territories. These were the States included in Parts A, B and C and the Territories included in Part D of the First Schedule of the Constitution. In the arrangements made for their government, the Centre was made responsible for administering the States in Part C, i.e., Delhi, Himachal Pradesh, Manipur and Tripura (among others), and the Territories in Part D, i.e., the Andaman & Nicobar Islands of this Schedule.

29. A special feature of the Part C States was that they were directly administered by the President through a Chief Commissioner or

Lt. Governor acting as his agent (Art. 239 as originally enacted). While Parliament had full legislative powers in relation to such States there was provision for creation of a Legislature and Council of Ministers (Art. 240 as originally enacted). In exercise of this power, Parliament enacted the Government of Part C States Act, 1951 by which a legislature and Council of Ministers was created in the States of Delhi and Himachal Pradesh. Although Manipur and Tripura were covered by its provisions, Legislatures and Councils of Ministers were not created in either of those States. They were administered by the President acting through Chief Commissioners with the help of Councils of Advisers appointed under the provisions of Section 42 of the 1951 Act.

30. The Andaman & Nicobar Islands, which formed a Chief Commissioner's province under the Government of India Acts, were alone included in Part D of the First Schedule. For this Territory, provision was made in Article 243 (now repealed) for administration by the President acting through a Chief Commissioner or other authority appointed by him. The President was empowered to make regulations for the peace and good government of the Territory; these regulations had the force and effect of an Act of Parliament.

31. The constitutional arrangements for the North East Frontier Agency are separately dealt with; as in the past, the pattern of its administration was quite different from other Centrally administered areas.

### **States Reorganisation Commission (1955)**

32. In the course of its examination of the general question of the reorganisation of state boundaries, the States Reorganisation Commission examined the position of Part C States in some detail. It felt that these States would have to undergo radical changes in order to be brought on par with Part A States. It observed that the consensus of opinion was against continuing the existing set-up of Part C States. One solution lay in conferring on them a status identical with Part A States and thereby removing many constitutional anomalies; but this step, the Commission felt, would not provide any solution to the continued economic and financial weakness for these small units and their administrative and political instability. Moreover, it felt that the democratic experiment in Part C States had proved to be costly, and this was not compensated by increased administrative efficiency or rapid economic and social progress. The Commission, therefore, emphasised that these States could not subsist as separate administrative units without excessive dependence on the Centre. The Commission stated:

"Taking all these factors into consideration, we have come to the conclusion that there is no adequate recompense for all the financial, administrative and constitutional difficulties which the present structure of these States presents and that, with the exception of two, to be Centrally administered, the merger of the existing Part C States with the adjoining States is the only solution of their problems".

33. Of the two Part C States for which Central administration was recommended, for Delhi, the Commission suggested the creation of a high-powered Municipal Corporation; for Manipur it recommended Central administration, but only for a transitional period and ultimate merger into Assam. In regard to the Part D Territory of Andaman & Nicobar Islands, it recommended the continuance of the *status quo*.



34. For the territories which had been or might be brought under Central administration in the future (like Pondicherry), either before or after becoming *de jure* part of the territory of India, the Commission felt that constitutional arrangements must be kept flexible. It did not want the discretion of Government to be fettered in respect of the administration of such territories.

35. As regards the appropriate set-up for such of the Centrally administered areas which had to retain their separate existence, the Commission recommended that there was no need for local legislatures; Parliament should legislate for them in all matters. The Commission also recommended the setting up of advisory bodies in such territories suitable to their requirements.

### **Constitution (Seventh Amendment) Act, 1956**

36. The decisions of the Government of India on the report of the States Reorganisation Commission were embodied in the States Reorganisation Act, 1956 and the Constitution (Seventh Amendment) Act, 1956. In place of the four-fold categorisation of States, the Constitution now recognised only two, viz., States and Union Territories. In the second class were included the Union Territories of Delhi, Himachal Pradesh, Manipur, Tripura, the Andaman & Nicobar Islands and the Laccadive, Minicoy & Amindivi Islands. It may be mentioned here that the States Reorganisation Commission had recommended the inclusion of the latter group of Islands into the new State of Kerala.

37. For the administration of Union Territories, provision was made by amending Articles 239 and 240; the amended Article 239 now reads as under :

“239(1) Save as otherwise provided by Parliament by law, every Union Territory shall be administered by the President acting, to such extent as he thinks fit, through an administrator to be appointed by him with such designation as he may specify.”

In the amended Article 240, the President has been empowered to make regulations for the peace, progress and good government of the Andaman & Nicobar Islands and the Laccadive, Minicoy & Amindivi Islands. (Subsequently another Union Territory, viz., Dadra & Nagar Haveli has been added to the Territories included in this Article). The regulations so promulgated have the same force and effect as an Act of Parliament. Separately representation has also been provided to the Union Territories in the Council of States.

### **Territorial Councils Act, 1956**

38. Under Article 239, Parliament is empowered to supplement the general provisions for the administration of Union Territories by the President. Accordingly, in 1956 the Territorial Councils Act, was enacted providing for a measure of local self-government in the Union Territories of Himachal Pradesh, Manipur and Tripura. Territorial Councils were created in these Territories with powers over local affairs such as education, public health, roads, transport, panchayats, revenue works, animal husbandry, relief works, etc. The Councils also had powers to levy taxes, subject to Central approval, on professions, trades, callings and employment, tolls on bridges and school fees. Each Council acted collectively through its committees. The Administrator had powers to attend meetings of the Council; he also exercised substantial powers of control over it.

39. The Territorial Councils Act did not extend to Delhi. The Home Minister had an Advisory Body to assist him in advising the President in the exercise of his powers in relation to the administration of Delhi as in some other Union Territories.

### New Union Territories

40. During 1961, one and during 1962, two new Union Territories were created and added to the list of Union Territories in the First Schedule to the Constitution. After its liberation by the people in 1954, Dadra & Nagar Haveli continued its existence as Free Dadra & Nagar-Haveli until 1961 when it was integrated with the Indian Union and constituted into an Union Territory under the Constitution (Tenth Amendment) Act, 1961. After its liberation by the Indian Army in 1961, Goa, Daman & Diu was administered by the Military authorities until its integration with the Indian Union in 1962. It was then constituted into an Union Territory by the Constitution (Twelfth Amendment) Act, 1962. The history of Pondicherry is also similar. After its *de facto* transfer in 1954, it was administered by the Indian Government under *ad hoc* arrangements. However, once its *de pure* transfer took place in 1962, it was formally integrated with the Indian Union and constituted into an Union Territory under the Constitution (Fourteenth Amendment) Act, 1962. Under each of these amending Acts, provision was made in Article 240 to empower the President to make regulations for the peace, progress and good government of these Territories. Subsequently, the Dadra & Nagar Haveli Act, 1961, the Goa, Daman & Diu (Administration) Act, 1962 and Pondicherry (Administration) Act, 1962 were enacted so as to make provision for the representation of these Territories in Parliament and for matters connected with their administration.

41. In the foregoing paragraphs we have given a brief account of the genesis of nine Union Territories and a general idea of the legislative and administrative arrangements made for each. The position can be summed up as follows :

- (a) The administration of each Union Territory was carried on by the President through an Administrator.
- (b) There was no Legislature in any Union Territory, and Parliament alone was empowered to legislate for them. In recognition of this fact, increased representation had been given to Union Territories in both Houses of Parliament.
- (c) The Central Government under the Union Territories (Laws) Act, 1950 had powers to extend State Laws to the Union Territories of Delhi, Himachal Pradesh, Manipur and Tripura. Similar powers were available under the relevant Acts in respect of Dadra & Nagar Haveli, Goa and Pondicherry.
- (d) The President had powers to make regulations for the peace, progress and good government of the Union Territories of the Andamans, the Laccadives, Dadra & Nagar Haveli, Goa and Pondicherry.
- (e) A Municipal Corporation elected on the basis of adult franchise had been constituted in Delhi. Unlike most other Municipal administrations, the jurisdiction of the Corporation covered urban as well as rural areas.

- (f) In Himachal Pradesh, Manipur and Tripura, Territorial Councils had been constituted. Important matters of local concern, including secondary education, had been entrusted to them.
- (g) Advisory Committees associated with the Home Minister were constituted for Delhi, Himachal Pradesh, Manipur and Tripura. These included Members of Parliament from these Territories. The Committees were consulted about legislation, budget estimates and matters of general policy.

### **Constitution (Fourteenth Amendment) Act, 1962**

42. Evidently the above arrangements were not considered adequate by the people of some of the Territories, for the Union Government kept on receiving demands for a greater measure of responsible government. Representations were received from the Territorial Councils of Manipur and Tripura and political parties in Himachal Pradesh and Delhi. As these demands grew, it became necessary for the Centre in 1961 to take up the question of introducing changes in the administrative set up in these Union Territories. It was recognised that their continuing as separate administrative entities could not be indefinitely perpetuated and that an enduring settlement lay in their merger with the neighbouring States. However, pending such merger, as an interim arrangement, it was thought necessary to accommodate the political aspirations of the people by closely associating them with the administration of their Territories. Before this principle was translated into practice, the Centre decided to get the matter examined by an official committee headed by Shri Asoke K. Sen, then Union Law Minister.

43. The Asoke Sen Committee submitted its report in June, 1962. The general approach of the Committee was that the largest possible measure of autonomy should be granted to the Territories and that representatives of the people should be associated with the Administration at every level. Accordingly, the Committee recommended the transfer of more subjects to the Territorial Councils and also suggested the introduction of panchayati raj so as to ensure association of representatives of the people with development work at the block and village levels. The Committee went into the procedures adopted by the Territorial Councils for the disposal of executive business and also the conditions of service of the employees of the Councils and recommended that in regard to these matters, the future territorial bodies should be placed on par with the Administrations. As the bulk of governmental expenditure, including the cost of development projects, in the Territories would have to be met by the Central Government for a long time to come and the supreme authority of Parliament over the Territories in the State field had to be preserved, the Committee came to the conclusion that Central control over the territorial bodies in the matter of finance as well as general policy would have to be an integral part of the scheme of autonomy for the Territories.

44. About the time the Asoke Sen Committee submitted its report in 1962, the integration of Goa, Daman & Diu and the *de iure* transfer of Pondicherry took place. In relation to these Territories, Government felt that political sentiments seemed to require the establishment of full-fledged Assemblies and Executives responsible to them. In Himachal Pradesh, Manipur and Tripura also, the Asoke Sen Committee had faced a near

unanimous demand for the creation of legislative bodies subject to the paramount authority of Parliament. The emergence of Nagaland, during the same period, as a full-fledged State was also a factor of some importance. As a consequence of all these factors, including the political demands put forth by the people of Himachal Pradesh, Manipur and Tripura, Government decided to go beyond the recommendations of the Asoke Sen Committee and establish Legislative Assemblies and Councils of Ministers on the lines of the scheme embodied in the repealed Government of Part C States Act, 1951. It was clearly recognised that this decision would have the following long-term repercussions :

- (i) It meant the total reversal of the decisions taken by the Government of India and Parliament on the recommendations of the States Reorganisation Commission and the revival of the pattern which had been given up in the past as detracting from the undivided responsibility of the Central Government and Parliament regarding the Centrally administered areas.
- (ii) It would render it extremely difficult to implement the recommendations of the States Reorganisation Commission about the ultimate merger of these units with the neighbouring States.
- (iii) It would arouse hopes and ultimately lead to demands for full statehood for these Territories as in Nagaland.
- (iv) Other small areas, even though not financially viable, would advance similar claims which would be difficult to resist. The demand for a Legislature and Ministry in Delhi would also gather momentum.

45. Under the Constitution (Fourteenth Amendment) Act, 1962, provision was made for the creation of Legislatures and Councils of Ministers in Himachal Pradesh, Manipur, Tripura, Goa and Pondicherry. Article 239-A reads as under :

“(1) Parliament may by law create for any of the Union Territories of Himachal Pradesh, Manipur, Tripura, Goa, Daman & Diu, and Pondicherry—

- (a) a body, whether elected or partly nominated and partly elected, to function as a Legislature for the Union Territory, or
- (b) a Council of Ministers, or both with such constitution, powers and functions, in each case, as may be specified in the law.”

Simultaneously, through an amendment to Article 240, it was laid down that once a Legislature is created in Goa and Pondicherry, the President's powers to make regulations for these Territories stand withdrawn.

46. By the above Constitutional amendments two classes of Union Territories have now been created. The first group includes those Territories which are at a more advanced stage, both administrative and political. For them the Constitution provides for the creation of a Legislature and Council of Ministers (Himachal Pradesh, Manipur, Tripura, Goa and Pondicherry). The second group consists of those territories in respect of which the President has regulation making powers (the Andaman & Nicobar Islands, the Laccadive, Minicoy & Amindivi Islands, and Dadra & Nagar Haveli). Delhi is in a class by itself.

## **Government of Union Territories Act, 1963**

47. In accordance with the provisions of Article 239-A, Parliament has now enacted the Government of Union Territories Act, 1963. Under this Act, Legislatures and Councils of Ministers have been created in Himachal Pradesh, Manipur, Tripura, Goa and Pondicherry. The Territorial Councils in the first three Territories have been abolished.

48. The Council of Ministers aids and advises the Administrator, but he is not statutorily bound by its advice. In cases of difference of opinion, he can refer the disputed matter to the President for decision (section 44). In Himachal Pradesh, Manipur and Tripura, border security is the special responsibility of the Administrator and in this matter, he can issue directions and take such action as he considers necessary (section 44). The expenditure incurred in the discharge of such special responsibility is charged on the Consolidated Fund of these Territories [section 27(3)(f)]. The Chief Minister is appointed by the President and the other Ministers are appointed by the President on the advice of the Chief Minister (section 45). The Administrator and his Council of Ministers are to act under the general control of and comply with the directions given by the President (section 50).

49. The Legislative Assembly can make laws for the whole or any part of the Territory with respect to any of the matters enumerated in the State List or the Concurrent List (section 18). These legislative powers, however, do not derogate from the powers conferred on Parliament to make laws with respect to any matter for Union Territories. Every Bill passed by the Legislative Assembly has to receive the assent of the President before it becomes law (section 25). Separate Consolidated and Contingency Funds have also been created for these five Union Territories (sections 47 and 48).

50. In the case of Manipur, special provisions have been made for the Hill Areas. A Standing Committee of the Legislative Assembly consisting of all members who represent constituencies situated in the Hill Areas has been constituted. The jurisdiction of the Standing Committee extends to matters connected with management of land and forests, use of canal waters for irrigation, shifting cultivation, village and town committees, appointment or succession of Chiefs or headmen, inheritance of property, marriage and social customs. Every Bill relating to any of these matters, upon introduction in the Legislative Assembly, is required to be referred to the Standing Committee for consideration and report. A detailed procedure has been laid down for dealing with the report of the Standing Committee and its consideration by the Legislature. The Administrator has been given the special responsibility of securing the proper functioning of the Standing Committee.

51. In case of failure of the constitutional machinery, the President is empowered to suspend the operation of all or any of the provisions of the Act (section 51). Recourse had to be taken to this provision in October, 1967 in Manipur, when as a result of defections from the party in power, the administration of the Territory could not be carried out in accordance with the provisions of the Act. The Legislature and Council of Ministers were, therefore, suspended and the Chief Commissioner was placed in direct charge of the administration of the Union Territory.

## Delhi

52. As stated earlier, consequent on the recommendations of the States Reorganisation Commission, Delhi was constituted into a Union Territory, and it was given municipal autonomy in the form of a Corporation (1958). Evidently, these arrangements did not satisfy the political aspirations of the people and persistent demands were made for full responsible government. During the period when the question of effecting changes in the administrative set-ups in Himachal Pradesh, Manipur, Tripura, Goa and Pondicherry was under consideration, much pressure was brought to bear on the Government of India to include Delhi in the arrangements contemplated for the other Territories. Mainly because of the over-riding needs of the national capital, it was decided to deal with Delhi on a separate footing. At the same time, it was conceded that the political aspirations of the people would have to be met to the extent possible. These requirements were sought to be reconciled under the Delhi Administration Act, 1966. A Metropolitan Council consisting of 61 members has been established in Delhi, but this body has no legislative powers and it can only discuss and make recommendations with respect to: (i) legislative proposals on matters covered in the State List and Concurrent List, and (ii) proposals for extension to Delhi of any State law. It can also debate the budget proposals relating to Delhi. Its recommendations on any of these matters are to be considered by the Executive Council and transmitted to the Central Government.

53. An Executive Council consisting of not more than four members, of which one is to function as Chief Executive Councillor, has also been created. The Councillors hold office during the pleasure of the President. The Council assists and advises the Lt. Governor in exercise of his functions. However, such advice is not binding on him; if the Lt. Governor differs from his Council, he can make a reference to the President for decision. Certain subjects, viz., law and order, police, services, home and land and buildings have been "reserved" for the Lt. Governor, and in respect of these subjects, he acts in his discretion. Very recently, in relation to the New Delhi Municipal Committee a further "reservation" has been made. It is now laid down that the Administrator will act, in his discretion, in all matters relating to the appointment of members and the President, fixation of the number of members, their term of office, and all matters incidental, supplemental and consequential thereto.

54. The constitutional and administrative arrangements for Delhi differ from the other two classes of Union Territories, viz., those with Legislatures and those in respect of which the President has regulation-making powers. The need for treating Delhi on a different footing from other Union Territories flows from the fact that it is the federal capital. It has no Legislature but popular opinion is allowed to express itself through the Metropolitan Council. Parliament itself legislates for the Territory. There is no Council of Ministers; an Executive Council to assist and advise the Lt. Governor has, however, been created. At the same time, there is a high-powered Municipal Corporation whose jurisdiction extends over both the urban and rural areas of the Territory. The creation of the Metropolitan Council and Executive Council has not, however, been accompanied by a simultaneous reduction of the powers of the Municipal Corporation, a body which was created when the set-up for Delhi did not contemplate any measure of responsible government at the State level.

## Chandigarh

55. As a result of political developments connected with the re-organisation of Punjab, a tenth Union Territory, viz., Chandigarh, has been created under the provisions of the Punjab Reorganisation Act, 1966. The responsibility for its administration rests with the President acting through a Chief Commissioner.

56. In some respects the constitutional position of Chandigarh is comparable to that of Delhi. Its administration is the responsibility of the President acting through an Administrator under the provisions of Article 239. Articles 239-A and 240 have no application. There is no Legislature and Parliament is directly responsible for legislating for Chandigarh.

## Home Minister's Advisory Committees

57. While in the Union Territories with Legislatures and in Delhi there are institutional arrangements for associating public opinion with their Administrators, in the case of the others, viz., the Andaman & Nicobar Islands, Laccadive, Minicoy & Amindivi Islands, Dadra & Nagar Haveli and Chandigarh, this objective is achieved by the formation of Advisory Committees at two levels. There are Advisory Committees associated with the Home Minister in respect of the Andaman & Nicobar Islands, Laccadive, Minicoy & Amindivi Islands and Chandigarh. The Committees are consulted in regard to general questions of policy, legislative proposals, budgetary matters, development plans and other matters of importance. There is also a similar Committee in each of these Territories associated with its Administrator and its functions are, more or less, the same as the Home Minister's Advisory Committees, except that in Chandigarh, the Capital Projects Committee serves this purpose.

58. In Dadra & Nagar Haveli, the Varishtha Panchayat, an indirectly elected apex panchayat body, performs functions similar to the Advisory Committees associated with the Administrators of the Union Territories mentioned in the foregoing paragraph. There is no Advisory Committee associated with the Home Minister for this Union Territory.

## North East Frontier Agency

59. The evolution of the administrative arrangements for the frontier tracts of North East India under the British has already been indicated in an earlier section. The arrangements which have evolved after attaining independence are a carry-over from the provisions of the Scheduled Districts Act, 1874 and the Constitutional Acts of 1919 and 1935. As stated earlier, special provisions had to be made for such areas because their people are backward and their social and other customs are quite different from the rest of India.

60. The present arrangements under Part X of the Constitution, provide firstly, for the administration and control of Scheduled Areas and Scheduled Tribes in States other than Assam, and secondly, for the administration of the tribal areas of Assam. Details of the administrative arrangements made for these areas are set out in the Fifth and Sixth Schedules of the Constitution respectively. We are here concerned with the latter Schedule which relates to the tribal areas of Assam.

61. The Sixth Schedule applies to the tribal areas of Assam specified in Parts A and B of the Table below paragraph 20 of this Schedule, viz.,

### TABLE

#### Part A

1. The United Khasi-Jaintia Hills District.
2. The Garo Hills District.
3. The Mizo District.

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5. The North Cachar Hills.
6. The Mikir Hills.

#### Part B

1. North East Frontier Tract including Balipara Frontier Tract, Tirap Frontier Tract, Abor Hills District and Mishmi Hills District.

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The tribal areas included in Part A have been constituted into autonomous districts. Detailed provisions have been made for the administration of autonomous districts in paragraphs 1 to 17 of this Schedule. While such areas are not outside the executive authority of the Government of Assam, provision has been made for the creation of District Councils and Regional Councils. Such Councils are both administrative and legislative bodies, with certain judicial powers. Their legislative powers extend to specified fields, such as land use, management of forests other than reserved forests, use of canal waters, regulation of shifting cultivation, village and town administration, inheritance of property, marriage, social customs, etc. Barring such law-making functions, under the general provisions of Article 245(1) the authority of Parliament, as well as that of the Assam Legislature, extends over these areas unless the Governor, by notification, directs to the contrary. All laws made by these Councils, however, require the assent of the Governor. Regarding judicial administration, it is to be regulated by the District and Regional Councils. The High Court of Assam and the Supreme Court exercise jurisdiction over the judicial bodies operating in these areas, but the High Court's power to entertain suits and cases is subject to regulation by orders of the Governor. For each autonomous district and autonomous region, it is laid down that there shall be constituted a District Fund and Regional Fund respectively.

62. For the areas included in Part B, i.e., the Territory now known as the North East Frontier Agency, it is provided that for the present it shall be governed by the Governor of Assam acting in his discretion as agent of the President. In the long-term, however, it is laid down that with the previous approval of the President, the Governor can, by notification, apply

@As originally enacted, item 4 of Part A read, "4. The Naga Hills District" and item 2 of Part B read, "2. The Naga Tribal Area". As a result of the Naga Hills & Tuensang Area Act, 1957 both items were omitted, and instead, in Part B, "2. The Naga Hills—Tuensang Area" was substituted. Subsequently, by virtue of the State of Nagaland Act, 1962, this item was altogether omitted.



the provisions relating to the autonomous districts, in whole or in part, to any area included in Part B. In the transitional phase, i.e., until by notification the provisions of paragraphs 1 to 17 relating to autonomous districts are made applicable, the administration of the North East Frontier Agency is to be carried on under Article 240 as if it was a Union Territory Specified in that Article. In relation to the Agency, the President has the same regulation making powers as in the case of Union Territories; in other words, he can make regulations for the peace, progress and good government of the area and the regulations so made may repeal or amend any Act made by Parliament or any existing law which is for the time being applicable to the area. Any regulation, when promulgated by the President, shall have the same force and effect as an Act of Parliament which applies to that territory. Even though NEFA is an integral part of Assam, so long as the Governor of Assam acts as the agent of the President, he is required to act in *his discretion*, i.e., he is not bound by the advice of his Council of Ministers.

### **Constitutional Position**

63. The constitutional status of the Union Territories is not the same as that of the States. The Union Executive and Parliament have supreme powers over these Territories. The administration of the Union Territories is the direct responsibility of the President acting through an Administrator to be appointed by him. He can also appoint the Governor of an adjoining State to act as an Administrator; and while acting in this capacity, the Governor shall exercise his functions independently of his Council of Ministers [Article 239(2)].

64. The President, who is the executive head of the Union Territory does not in that capacity function as the head of the Central Government, but as the head of the Union Territories under powers specifically vested in him under Article 239. Under this Article, the President occupies, in regard to Union Territories, a position more or less analogous to that of a Governor in a State. Although the Union Territories are Centrally administered under the provisions of Article 239, they do not cease to be separate entities and become merged with the Central Government.

65. Under Article 246(4), Parliament has power to make laws with respect to subjects included in the State List so as to have application to Union Territories. Even after a Legislature is created for a Union Territory, Parliament continues to possess paramount powers to legislate with respect to any matter included in the State List. The Territorial Legislatures, therefore, do not have exclusive legislative powers with respect to the State List, a power which is available to a State Legislature.

66. In respect of the Andaman & Nicobar Islands, the Laccadive, Minicoy & Amindivi Islands and Dadra & Nagar Haveli, the President has powers to make regulations for their peace, progress and good government, which, in fact, amount to full legislative powers. The regulations may repeal or amend an Act made by Parliament or any existing law in its application to these Union Territories. The regulations have the same force and effect as an Act of Parliament.

67. The Union Territories of Himachal Pradesh, Manipur, Tripura, Goa, Daman & Diu and Pondicherry have been adjudged as being more

advanced, politically and administratively, so as to qualify for a higher degree of local autonomy and self-government. Under special dispensation each of these Territories now has a Legislature and a Council of Ministers. Despite the creation of Legislatures, the powers of Parliament in relation to the making of laws for these Territories remain untouched. The powers of Parliament will, however, be subject to the convention of not making laws in respect of the Territories for which it has itself created a Legislature. As the legislative power of a Territorial Legislature has been derived statutorily, it is neither plenary nor exclusive. While it is empowered to make laws relating to matters enumerated in the State or Concurrent List, its authority is at best concurrent with that of Parliament. A territorial law is void if it is repugnant to any provision of a law made by Parliament.

68. As the provisions of Articles 239-A and 240 do not cover Delhi and Chandigarh, their administration is the direct responsibility of the President acting through an Administrator. Parliament itself legislates for these Territories. In the case of Delhi, however, provision has been made for associating local public opinion in any advisory capacity through the creation of the Metropolitan Council. To assist and advise the Administrator an Executive Council has also been created, but the nature of the Executive Council is different from that of a Council of Ministers as it is not responsible to the Metropolitan Council.

69. Regarding NEFA, the position is that constitutionally it is an integral part of Assam. For historical reasons, the most important of which is the backward and tribal character of the people, special administrative arrangements have existed for this area right from 1874. Today under the provisions of paragraph 18(2) of the Sixth Schedule of the Constitution, its administration is the direct responsibility of the President acting through the Governor of Assam, *i.e.*, its position is similar to that of a Union Territory without Legislature. No laws of Assam apply to NEFA; instead, the President has powers to make regulations which have the force of law. Even though Acts of Parliament apply to NEFA in like manner as to any other part of the country, under his regulation making powers, the President can repeal or amend any Act of Parliament in its application to the territory. In the long term, however, the Governor, with the previous approval of the President can, by notification, apply all or any of the provisions relating to the autonomous districts of Assam to any part of NEFA.

### **The Home Ministry**

70. It will be appropriate at this place to briefly consider the arrangements made at the Central level for the administration of Union Territories. Under the Government of India (Allocation of Business) Rules, 1961, the business allotted to the Home Ministry relating to Union Territories is divided into two parts, *viz.*, (a) the subjects which relate to specific provisions in the Constitution or fall within the scope of matters enumerated in the Union List and (b) the additional subjects allotted to the Home Ministry which specifically relate to Union Territories. In the first category are such matters as the appointment of Lt. Governors, Chief Commissioners, Judicial Commissioners, etc., regulations under Article 240, the Administration of the North East Frontier Agency, the Assam Rifles and the Indian Frontier Administrative Service.

71. The subjects included in the second category relate to 15 specific subjects which fall within the scope of matters enumerated in the State List in relation to Delhi, Himachal Pradesh, Manipur, Tripura, Pondicherry, Goa, Daman & Diu, Dadra & Nagar-Haveli and Chandigarh. In the case of the Andaman & Nicobar Islands except for forests, education, road and bridge works and organisation and maintenance of mainland-islands and inter-island shipping services, all other subjects have been allocated to the Home Ministry. In respect of the Laccadive, Minicoy & Amindivi Islands, except for organisation and maintenance of mainland-islands and inter-island shipping services, all other subjects relating to the islands have been allocated to the Home Ministry. Details of the business allotted to the Home Ministry is shown at Appendix II.

72. The Home Ministry is responsible for the administration of Union Territories in an overall manner. Except to a limited extent (in the case of the Andaman & Nicobar Islands and the Laccadive, Minicoy & Amindivi Islands), all functional matters have to be referred to the concerned subject matter Ministries. In Parliament also, while the Home Minister's responsibility is overall, other Ministers are responsible in their respective spheres.

73. In the Home Ministry, the work relating to Union Territories, is, at present, entrusted to an Additional Secretary. There is no separate Department of Union Territories as such. Even when there was a full-fledged Secretary in charge of this work as recently as 1967, a separate Department was not considered necessary. The Additional Secretary functions under the over-all guidance and supervision of the Home Secretary.

74. Under him, the Additional Secretary has two Joint Secretaries, one of whom also looks after work relating to subjects other than Union Territories. This Joint Secretary generally deals with all matters connected with legislation relating to Union Territories. The other Joint Secretary is in charge of all other aspects of the administration of Union Territories.

75. The Union Territories are divided territorially between three Deputy Secretaries. They all work under the second Joint Secretary mentioned in the foregoing paragraph. One Deputy Secretary is in charge of Delhi and Chandigarh. In addition, he also looks after the various Service cadres relating to Union Territories including the All India Services. A Second Deputy Secretary is in charge of the Union Territories of Goa, Daman & Diu, Pondicherry, Manipur, Tripura, Himachal Pradesh and the two Island Territories. He is assisted by an Under Secretary. A third Deputy Secretary is exclusively in charge of NEFA. The work relating to these officers is organised in six Sections. The Deputy Financial Adviser of the Home Ministry also looks after the work relating to the Union Territories; he is assisted by an Under Secretary. There are, in all, four Sections under this officer.

76. The Joint Secretary who deals with Union Territories legislation has under him one Deputy Secretary who assists him in this work part time. Temporarily, another Deputy Secretary has also been attached to this Joint Secretary. In accordance with the general practice of manning posts in Central Ministries, the officers in the Home Ministry (Union Territories) belong to the IAS, IFAS, Central Secretariat Service or any other similar service.



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**PART II**  
**THE PERSPECTIVE**

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**21-22**



77. In the previous chapter while dealing with the history of the Union Territories, we have seen how the Union Government responded to the growing demand for responsible governments in some areas and undid the arrangements they had devised as a result of the States Reorganisation Commission's recommendations by reverting to the position obtaining prior to 1956. Even the creation of Legislatures and Councils of Ministers, with more or less the same functions and powers of equivalent institutions in the States failed to satisfy the people of Himachal Pradesh, Manipur, Tripura, etc. as they wanted complete parity with the States of the Union.

78. Although the States Reorganisation Commission had recommended merger of all Centrally administered areas except Delhi and the Andaman & Nicobar Islands, the Government of India did not think it appropriate to take this step and as a consequence, several areas were continued, and even to-day continue, under direct Central administration. A new dimension has been added to this problem by the emergence of Goa, Daman & Diu, Dadra & Nagar-Haveli and Chandigarh as Union Territories, where the Central Government is again finding it difficult to implement any scheme of merger.

79. Admittedly, we are not directly concerned with political problems of the nature mentioned in the foregoing paragraph, but there is little doubt that such political factors do intrude into any meaningful study of the administrative and financial problems of Union Territories. For one thing, political questions of this nature have repercussions on the relations between the Central Government and the Union Territories; for another, some Territorial Administrations have shown an inclination to subordinate their administrative responsibilities to such political objectives. In this context, therefore, an examination of problems of Statehood and merger is essential so as to complete our study of the Union Territories. We, however, think that it will be more appropriate to deal with these matters in a latter part of our report after we have dealt with matters which are more directly connected with our terms of reference. Political problems have been generally dealt with in Part V—The Future of Union Territories.

80. In order that the recommendations, which follow in a latter part of this report, fall into their perspective, it is essential that we first consider the problems, both administrative and financial, being faced by the Union Territories. In this Part, we will discuss such problems under three broad headings, viz., (a) problems of Under Territories with Legislatures, (b) Administrative Problems and (c) Financial Matters.

### PROBLEMS OF UNION TERRITORIES WITH LEGISLATURES

#### Introduction

81. As we have indicated earlier, the present setup in Himachal Pradesh, Manipur, Tripura, Goa, Daman & Diu and Pondicherry is based on the provisions of the Government of Union Territories Act, 1963. Through the creation of Legislatures and Councils of Ministers, this Act seeks to devolve a considerable measure of administrative responsibility to these Union Territories. This does not, however, detract from the overall constitutional responsibilities of the President and Parliament. There are thus two foci of power—one at the Central level and the other in the Union Territories. In this situation lies the seeds of discord between the Centre and the Union Territories, where the former is bound by its constitutional responsibility to ensure the good administration of the Union Territories, and the latter insist on a large measure of administrative and financial autonomy.

82. In their discussions with us, most non-officials were unanimous in expressing their feelings that the aspirations of the people had not been satisfied by the 1963 Act. They stated that the political and administrative arrangements made under this Act had proved to be inadequate. Moreover, their Legislatures and Councils of Ministers, it was asserted, did not enjoy any substantial powers. Even in the limited field in which they had some powers, they faced all sorts of legal and executive restrictions. A special point of grievance that was pressed before us was the exclusion of their MLAs from the electoral college for the Presidential election. As opposed to this view-point, the representatives of the Central Government saw nothing inherently objectionable in the present arrangements which, in their view, flowed from the constitutional responsibilities of the Central Government.

83. In order that our recommendations for remedial measures in the latter part of this report fall into proper perspective, we may examine these matters in some more detail.

#### Autonomy

84. It was represented to us that in a democratic society, the creation of institutions which symbolise the parliamentary system of government, carries with it the responsibility of ensuring their autonomous functioning free from outside control. It was urged that while there can be no objection in providing safeguards for the proper discharge of the ultimate responsibility of the Central Government for the good administration of the Union Territories, it should not lead to detailed operational control over the Territorial Administrations. In actual practice, however, this principle is not reflected in the provisions of the Government of Union Territories Act and Rules of Business framed thereunder. In fact, they said, the statutes and the rules only serve to perpetuate Central control in the legislative, administrative and financial fields; this derogates from the autonomy of the Territorial Administrations.



85. Under Section 18 of the 1963 Act, it is laid down that: "The Legislative Assembly of a Union Territory may make laws for the whole or any part of the Union Territory with respect to any of the matters enumerated in the State List or the Concurrent List in the Seventh Schedule to the Constitution, in so far as any such matter is applicable, in relation to Union Territories". The legislative power of the Territorial Legislature is, however, subject to the provisions of Article 246(4) which read as under :—

"Parliament has power to make laws with respect to any matter for any part of the territory of India not included in a State notwithstanding that such matter is a matter enumerated in the State List."

The people are unhappy at the retention of overriding powers with Parliament as they feel that their legislature occupy a lower position in comparison to Legislatures in the States.

86. The legislative procedure laid down in the Government of Union Territories Act, 1963 requires that when a Bill has been passed by the Assembly, it shall be presented to the Administrator and that the Administrator shall reserve the Bill for consideration of the President (section 25). Through this provision the Central Government can exercise substantial control over the legislative activities of the Territorial Assembly. Simultaneously, in the Rules of Business it is provided that in relation to specified subjects, before initiation of legislation, the prior concurrence of the Central Government is necessary; in addition, the Administrator has been generally empowered to refer any proposal for legislation to the Central Government before it is introduced in the Legislature. These provisions further strengthen the Central Government's powers of control in the legislative field.

87. The procedure in regard to financial business is that in respect of every financial year, the Administrator shall cause to be laid before the Legislature, with the previous approval of the President, the Annual Financial Statement for that year (section 27). In seeking presidential approval for the Annual Financial Statement, the Territorial Administration has, in fact, to seek approval of its budget by the Central Government. In practice, the budget is scrutinised in great detail before the Annual Financial Statement is approved and presented to the Legislature. Even thereafter, the Assembly is not free to vote its budget. The Appropriation Bill when passed by the Assembly has again to be referred for the assent of the President.

88. Although a Council of Ministers has been created, its status is different from that of its counterparts in the States. Its advice is not binding on the Administrator who, in case of difference of opinion with his Ministers, can refer the disputed matter to the President for decision. Pending a decision, in urgent matters, he can give directions or enforce such action as he considers necessary (section 44). The Central Government, if they so desire, can intervene in the working of the Council of Ministers through its agent, the Administrator.

### **Rules of Business**

89. The first point of note in relation to the Rules of Business is that they are based on the model rules recommended to the States for general adoption in 1953. In order to make provision for the peculiar constitutional

position of the Union Territories, it became necessary to add a number of rules to the model rules. Under the Government of Union Territories Act, 1963, the Rules of Business are framed by the President. The Goa Administration has pointed out that the present Rules of Business in many respects are patterned on the Government of India (Transaction of Business) Rules. As the functions and responsibilities of the Central Government and Territorial Administrations are not similar, this factor has led to many working difficulties. According to the Goa Administration, it would be more realistic to model the Union Territory's Rules of Business on the corresponding rules of the neighbouring State or any other suitable State.

90. In the Rules of Business, which are uniform in the five Union Territories, there are two sets of rules which impinge on the relations of the Central Government with the Territorial Administration. The first set of rules prescribes the types of cases which shall be submitted by the Administrator to the Central Government before initiating action or issue of orders. The second set of rules prescribes the type of cases which must be submitted by Ministers to the Administrator through the Chief Minister. Through the first set of rules, the Central Government can exercise control over a fairly extensive field of administration. The same result is achieved through the second set of rules, as the Administrator, an agent of the Central Government, has powers to differ with his Council of Ministers and refer the disputed matter to the Centre for decision.

#### Services

91. The services constitute a further point of grievance with the Territorial Administrations. It is their case that because of the peculiar constitutional position of Union Territories, their Councils of Ministers have no control over the services. Even though Delhi does not have a Council of Ministers, the position is basically the same. This is a matter of considerable importance for the Territorial Ministries because they feel that the people tend to judge the performance of their governments from the efficiency and competence with which policies are implemented. When the Council of Ministers (or the Executive Council in the case of Delhi) has no control over the tools, *viz.*, the services, through which policies are implemented, it is still held responsible for any failures. It was urged that the electorate is unlikely to be impressed with the plea that this situation has arisen because of the restrictions imposed on the people's representatives by various legal provisions.

92. This feeling came to a head recently in Pondicherry when the Legislative Assembly insisted on discussing service matters connected with ex-French employees. It was argued that as the Assembly votes the pay and allowances of government servants, it can discuss all matters connected with them. As the Speaker doubted the competence of the Assembly to discuss this subject, a reference was made to the Lt. Governor seeking his opinion. Ultimately the Central Government ruled that "Public Services" are outside the purview of a Territorial Legislature. It was further clarified that although the Assembly had no right to legislate, there was no bar to a general discussion on this issue. The legislators did not take kindly to this ruling, and even when we met them several months later in Pondicherry, they gave expression to their feelings.

93. In order to understand this grievance it will be appropriate to briefly consider the constitutional and legal position of the Council of Ministers

*vis-a-vis* the services. The Union Territories of Himachal Pradesh, Manipur, Tripura, Goa, Daman & Diu, and Pondicherry have Legislatures. The extent of legislative powers of these bodies has been defined in section 18 of the Government of Union Territories Act, 1963 which reads as under :

“(I) Subject to the provisions of this Act, the Legislative Assembly of a Union Territory may make laws for the whole or any part of the Union Territory with respect to any of the matters enumerated in the State List or the Concurrent List in the Seventh Schedule to the Constitution in so far as any such matter is applicable in relation to Union Territories.”

94. While the legislative powers of the Territorial Assembly extend to the State List, such power is qualified by the words “in so far as such matter is applicable in relation to Union Territories”. Entry 41 of the State List which relates to public services reads “State Public Services”. As there is no mention of services of Union Territories, this entry is inapplicable to Union Territories. (There are other entries like 35 and 43 in the State List, which are also inapplicable to Union Territories).

95. From what is stated above, it is clear that the Territorial Legislatures do not have powers to make laws in respect of services. From this follows the exclusion of executive control by the Council of Ministers because under section 44(1) of the 1963 Act, they are to aid and advise the Administrator in the exercise of his functions in relation to matters with respect to which the Legislative Assembly of the Union Territory has power to make laws. The result is that the Services in the Union Territories are governed by rules made by the President under Articles 309 of the Constitution. The rules framed under this provision delegate administrative powers to the Administrator and Heads of Departments in the Union Territories. The Administrator is not required to be aided and advised by the Council of Ministers in the exercise of his powers under these rules except for consultation with the Chief Minister. From this follows the grievance mentioned in the foregoing paragraph.

### **Presidential Election**

96. Article 54 of the Constitution lays down that the President shall be elected by the members of an electoral college consisting of :

- (a) the elected members of both Houses of Parliament, and
- (b) the elected members of Legislative Assemblies of the States.

It was represented to us that the people were unhappy at the exclusion of the legislators from the Union Territories from the electoral college. In fact, some persons stated that their position had been reduced to that of “second rate citizens” because their representatives could not participate in the election of the President.

## CHAPTER II

### ADMINISTRATIVE PROBLEMS

97. Having considered the special problems of the Union Territories with Legislatures, we may now pass on to an examination of administrative issues, which concern all the Territories in general. In this Chapter, we will discuss such administrative matters under four broad headings, viz., (a) the Administrator, (b) the Secretariat, (c) other levels, and (d) manning of senior posts.

#### The Administrator

98. The precise constitutional position of the Administrator and his relations with his Council of Ministers and the Legislature, have already been described in the two earlier Chapters. We may now consider certain administrative aspects of this functionary.

99. Under Article 239 of the Constitution, the Union Territories are to be administered by the President acting through an Administrator to be appointed by him *with such designation as he may specify*. In regard to designations, therefore, there is complete discretion with the Central Government and this is evident from the variety of designations at present in use. The Administrators of Delhi, Himachal Pradesh, Pondicherry and Goa, Daman & Diu are designated as Lt. Governors. The Administrators of Manipur, Tripura, Chandigarh and the Andaman & Nicobar Islands are Chief Commissioners and those of the Laccadive, Minicoy & Amindivi Islands and Dadra and Nagar-Haveli are Administrators. While every other Territory has its own Administrators, in Dadra & Nagar-Haveli the Lt. Governor of Goa, Daman & Diu acts as its Administrator. Although the term Administrator is not applicable to NEFA, the Governor of Assam occupies the same position in relation to this area as the Administrator does in relation to an Union Territory.

100. The lack of uniformity of designations is also reflected in the status and pay of each post. The Lt. Governors of Delhi and Goa, Daman & Diu are either serving or retired officers of the Indian Civil Service of the rank of Secretary to the Government of India. Each draws a salary of Rs. 3,000/- per month. The Lt. Governor of Himachal Pradesh is a retired Lt. General of the Indian Army and draws a pay of Rs. 3,000/- per month. The Lt. Governor of Pondicherry is the *ex-Speaker* of the Legislative Assembly of undivided Bombay and also draws a pay of Rs. 3,000/- per month. Each of the Lt. Governors is entitled to various perquisites in addition to their pay.

101. Of the Chief Commissioners, three are serving officers either of the IAS or IFAS and draw pay equivalent to a Joint Secretary in the Central Government. In addition, they are entitled to a free house and certain allowances for or in lieu of entertainment. The Chief Commissioner of Chandigarh is a serving officer of the rank of Additional Secretary in the Centre and gets a pay of Rs. 3,500/- a month. He is, however, not entitled to any perquisites.

102. The Administrator of the Laccadive, Minicoy & Amindivi Islands is a serving officer of the IFAS and he draws pay in his scale (Rs. 900—1800) plus a special pay of Rs. 300/- p.m. The Administrator of Dadra & Nagar-Haveli, as stated above, is the Lt. Governor of Goa, Daman & Diu.

103. Necessary details regarding the Administrators are given at Appendix III.

104. It will be evident that the qualifications and backgrounds of persons who have been appointed as Administrators differ from Territory to Territory. While a majority of them are civil servants, in one case an *ex*-politician and in another an *ex*-Army Officer have been appointed to these posts. There is, therefore, no uniformity in this matter also.

105. There does not appear to be any pattern in the matter of pay, status and qualifications of Administrators. The Chief Commissioner was replaced by a Lt. Governor in Himachal Pradesh in 1952. In Goa, Daman & Diu, the Military regime handed over charge to a Lt. Governor in 1962. In Pondicherry, the Chief Commissioner was replaced by a Lt. Governor in 1963. In Delhi, this step was taken in 1966. In each case, this has meant a raising of both status and pay, and we have not been able to discover any reasons for this step. Moreover, it has led to a peculiar situation in that a small Territory like Pondicherry, with few problems, has a Lt. Governor while much larger Territories like Manipur and Tripura, with complicated problems, have Chief Commissioners.

106. The lack of uniformity in these matters seems to have given rise to some heart-burning in Manipur and Tripura. Both officials and non-officials voiced their feelings that they had been treated unfairly in giving them Administrators with lower status than their counterparts in other Territories.

### **The Secretariat**

107. Except for Dadra & Nagar-Haveli, the administrative structure in all other Union Territories, including NEFA, includes a secretariat, which functions either directly under the Administrator where there is no Council of Ministers, or under the Council of Ministers or Executive Council where either of these bodies exist. As in the case of other secretariats, the functions of the secretariats in the Union Territories are policy-making, legislation and relations with legislatures (for Union Territories with Legislatures), memory and clearing-house of information preparatory to taking decisions and to act as a general supervisor of executive action. While there can be no objection to the existence of the secretariat and the assignment to it of functions which are, more or less, identical to the functions of State secretariats, it is the size of the secretariats in the Union Territories which gives considerable scope for comment. However, before we go into this issue, it will be appropriate to first dispose of Dadra & Nagar-Haveli which has a peculiar organisation, locally called the "Secretariat-cum-District" type of organisation.

108. While the Lt. Governor of Goa, Daman & Diu is the Administrator for Dadra & Nagar-Haveli, locally it is the Collector who is in charge of the administration. He is based in Daman and functions as Collector both for Daman and Dadra & Nagar-Haveli. The actual work of the administration is transacted through 11 departmental charges. While each departmental

head is in charge of the field organisation of his department, he also acts as assistant to the Collector in relation to his departmental subjects. This system has all the attributes of a combined office and references from departmental heads to the Collector are made on a single file. Inter-departmental consultation is also, as far as possible, confined to the same file. In addition to co-ordination at the level of the Collector, there is another functionary, the Secretary to the Administrator who is responsible for co-ordination below the Collector. He acts as the Collector's general assistant in this matter. In as much as this pattern combines in itself essential features of both the secretariat and district patterns, it has been called "Secretariat-cum-District" pattern. Its essential features are the elimination of duplication at the levels of Heads of Departments and Secretary; a combined office of all departments with pooled house-keeping functions and the single file system.

109. In the Laccadive, Minicoy & Amindivi Islands, the pattern is, more or less, the same as that in Dadra & Nagar-Haveli. In addition to the Administrator, there is a Development Commissioner-cum-Development Secretary. He is directly in charge of all development departments. Other departmental heads work directly under the Administrator. They are essentially field officers but they also attend to secretariat work.

110. The organisational pattern at the secretariat level in other Union Territories is on more conventional lines. Except for Chandigarh and the Laccadive, Minicoy & Amindivi Islands, there is a Chief Secretary in each of the other Union Territories. In the two Union Territories where there are no Chief Secretaries, the functions of the officer are performed by the Chief Commissioner/Administrator himself. In NEFA, there is no Chief Secretary but the functions, which are generally attributed to this officer, are performed by the Adviser to the Governor.

111. Under the Chief Secretary, in each Union Territory there are several Secretaries, varying in number from two (Chandigarh) to six (Manipur and Goa). In addition, there are several *ex-officio* Secretaries and their number varies from nine (Himachal Pradesh) to one (Andaman & Nicobar Islands). Pondicherry, Manipur and NEFA do not have any *ex-officio* Secretaries. Lower down, there are the usual levels of Deputy Secretaries, Under Secretaries Assistant Secretaries, etc.

112. In Chandigarh, there is neither a Development Commissioner nor a Planning Secretary. In Himachal Pradesh and Tripura, the Development Commissioner functions as Planning Secretary *ex-officio*. In other Union Territories, except NEFA, there is a Planning Secretary-cum-Development Commissioner. In NEFA, while there is a Secretary for Planning and Development, there is no Development Commissioner.

113. Each of the Union Territories and NEFA have a Finance Secretary. Similarly, except for Chandigarh, each of the Union Territories has a Law or Judicial Secretary. The number and designations of the other Secretaries vary from Territory to Territory.

114. Regarding Heads of Departments with *ex-officio* status as Secretaries/Addl. Secretaries, in Himachal Pradesh there are nine such officers. Their number is eight in the case of Delhi, five in Tripura, three in Goa (including two Additional Secretaries), two in Chandigarh and one in the Andaman & Nicobar Islands.

115. The Adviser to the Governor of Assam gets a fixed pay of Rs. 2,750/- per month. The Chief Secretaries in Delhi, Himachal Pradesh and Goa (present incumbent only) are equal in status and pay to a Joint Secretary in the Government of India. In Manipur, Tripura and Pondicherry the Chief Secretary is equivalent in status to a Deputy Secretary and in the Andaman & Nicobar Islands to an Under Secretary. In the case of Goa, the normal pay and status of the Chief Secretary is that of a Director with a monthly pay in the scale of Rs. 1800—2000.

116. While the Development Commissioner is generally equivalent to a Deputy Secretary in the Centre, the other Secretaries are equivalent to Under Secretaries. In NEFA, however, the Secretaries draw pay in the senior scale of the IAS with a special pay of Rs. 150/- per month.

117. Necessary details regarding the Secretaries are given at Appendix III.

118. From the brief description of the pattern of the secretariat given in the foregoing paragraphs it will be clear that except in two cases (or three if NEFA is included) where the Chief Secretary is equivalent in status to a Joint Secretary in the Centre in the other Union Territories he is equivalent to a Deputy Secretary. While the Development Commissioner is equivalent to a Deputy Secretary, other Secretaries are equivalent to Under Secretaries. As for *ex-officio* Secretaries, whether they are technical men or of the administrative services, they draw their cadre pay with or without special pay. In the case of the latter, their status is not higher than that of an Under Secretary. In short, while there are quite a large number of Secretaries in each of the Territorial Secretariats, their status is relatively low in comparison to the Central and State Governments.

119. Below the secretariat, the administration is as usual organised functionally into various specialist and technical departments and territorially into districts, sub-divisions, tehsils, etc.

### Over-Staffing

120. While we do not propose to go into the detailed organisation of each department, what is significant is the level of over-staffing which appears to prevail in all Union Territories. Even if it is conceded that general backwardness, difficult terrain, poor communications, etc. in the Union Territories result in the employment of more staff, a comparison with the States will show that the extent of over-staffing cannot be justified on these grounds.

121. If the total number of Government employees in the States is taken as a percentage of the total population of the States and is compared with the total number of Government employees in the Union Territories as a percentage of the total population of the Union Territories, we arrive at the following averages :

- |   |    |      |
|---|----|------|
| (a) Percentage of Government employees of the States to the total population of the States.                           | .. | 0.7% |
| (b) Percentage of the Government employees of the Union Territories to the total population of the Union Territories. | .. | 2.0% |

Obviously, on an average, the Union Territories appear to employ three times more staff than is employed in the States.

122. Even among the Union Territories, there is considerable variation from Territory to Territory. The percentage is highest in the Andaman & Nicobar Islands (6.8%) and lowest in Delhi (1.2%). The other Territories, where this percentage is significantly high, are Chandigarh (6.7%), the Laccadive, Minicoy & Amindivi Islands (4.6%) and Himachal Pradesh (2.7%). For details see Appendix IV.

123. Evidently, the case of Chandigarh cannot be considered as normal as this Union Territory is the seat of two State capitals, viz., the capital of Punjab and Haryana, and the large number of Government employees directly reflects the responsibility the Territorial Administration shoulders as a result of this factor; significantly, the staff in the Police Department is disproportionate to the size of the Territory's population. Even the Andaman & Nicobar Islands and the Laccadive, Minicoy & Amindivi Islands may not be taken as typical; the wide dispersal of the Islands and bad inter-island communications make it necessary to employ more staff than would otherwise be necessary. The same considerations, however, do not apply to the other Union Territories, particularly, Himachal Pradesh. The conclusion is inescapable that there is avoidable over-staffing in all the Union Territories.

### **District Level**

124. Except for Himachal Pradesh, NEFA and Goa, Daman & Diu, every other Union Territory constitutes a single district. In the Laccadive, Minicoy & Amindivi Islands, there is no separate District Officer but the Development Officer exercises powers as District Magistrate and Collector. Evidently, there is no need for a separate District Officer in this small Territory with an area of 28 sq. kms. As stated earlier, the Collector of Daman functions as the Collector of Dadra & Nagar-Haveli. In the other single district Union Territories, there is a Collector in each Territory. In Delhi, however, the Collector (Deputy Commissioner) is assisted by three Additional District Magistrates, each of whom has been placed in territorial charge of a part of Delhi. Co-ordination is provided by the Collector.

125. NEFA is divided into districts, each in the charge of a Deputy Commissioner. There are in all 15 sub-divisions in the districts. Five of the 15 sub-divisions are designated as Independent Sub-Divisions and are headed by Additional Deputy Commissioners, who exercise all the powers of the Deputy Commissioner. The Independent Sub-Divisions are, therefore, districts in miniature; the only difference is that they are headed by Additional Deputy Commissioners instead of Deputy Commissioners. The pattern of administration in the districts of NEFA differs in essential particulars from the normal pattern either in the Union Territories or the States and is discussed in a later section.

126. Himachal Pradesh is divided into ten districts. Prior to the re-organisation of Himachal Pradesh in 1966, there were only six districts in this Territory, but the re-organisation has resulted in the addition of another four districts.

### **Size of Districts**

127. In the smaller Union Territories, there was no scope for constituting more than one district and as a consequence, the size of the Territory has



determined the size of the resultant district. In larger Union Territories, where more than one district has been created or where there is scope for forming more than one district, the size of the districts is of some relevance.

128. The average size and population of a district in India is 8,722.50 sq. kms. and 14,23,977 respectively. As compared to this, the average size and population of a district in Himachal Pradesh, NEFA and the single districts of Manipur and Tripura are as under :

	Area Population	
	sq. Km.	
(a) North East Frontier Agency . . . . .	16,285	67,312
(b) Himachal Pradesh . . . . .	5,766	2,81,174
(c) Manipur . . . . .	22,346	7,80,037
(d) Tripura . . . . .	10,458	11-42,005

129. Taking NEFA first, even though the average area of each of its districts is about twice as large as the all-India average, it must be remembered that the density of population is only 4.1 per sq. km. as compared to 134 for all-India. Hence, the area of the districts cannot be said to be abnormally large.

130. Although the average area of a district in Himachal Pradesh appears to approximate to the all-India average, this figure is misleading. The smallest district in Himachal Pradesh is Bilaspur with an area of 1,163 sq. kms., and the largest is Kulu with an area of 9,705 sq. kms. While Simla (1,281.50 sq. kms.) and Sirmur (2,957 sq. kms.) are comparable in area to Bilaspur, Mahasu (7,644 sq. kms.), Kangra (7,714 sq. kms.) and Lahaul & Spiti (9,585 sq. kms.) are comparable in size to Kulu. The variation in population is even more pronounced. Only Kangra district with a population of 11,04,269 approaches the all-India average. The populations of all the other districts vary between a maximum of 3,84,259 (Mandi) and a minimum of 20,453 (Lahaul and Spiti).

131. In Himachal Pradesh, therefore, the area and population of the districts varies from those which approximate to the all-India average to those which are very much smaller.

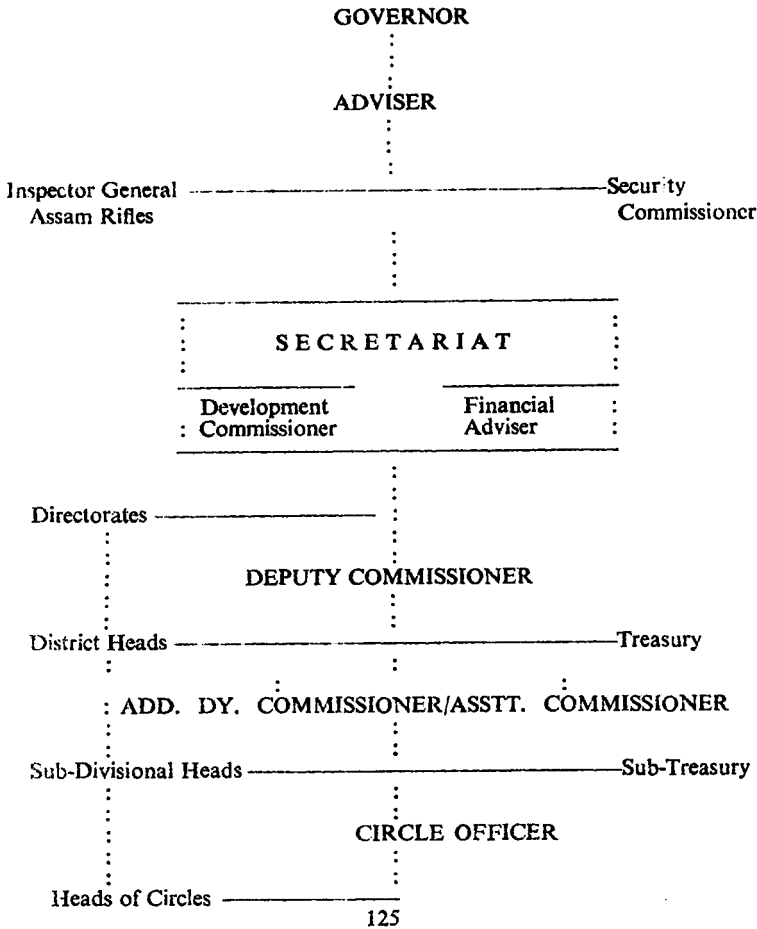
132. The area of Manipur is over 2½ times that of the all-India average while Tripura is a little over that figure. Population in both cases is less than the all-India average.

133. From the discussion in the foregoing paragraphs it will be clear that in Himachal Pradesh, both from point of view of area and population, the number of districts appears to be excessive. On the other hand, in Manipur and Tripura the size of each district appears to be unwieldy, particularly in view of the special problems being faced by these Territories.

#### *Single-Line Administration*

134. The administration of NEFA is organised differently from that in other parts of the country. It is called "Single-Line Administration"

Broadly, its structure is shown below :—



The line of control is unbroken right from the Governor down to the Circle Officer. At each level, the principal executive officer (*i.e.* the Deputy Commissioner, the Additional Deputy Commissioner, the Assistant Commissioner, etc.) is in complete control of the administration. There is no direct link between the technical officers in charge of development departments and their departmental personnel at any level except through the executive officer. If the Head of the Education Department at Shillong wants some information from his Inspector of Schools in a district, he must approach the Deputy Commissioner, who in turn will get the information from the Inspector of Schools and channel it back to Shillong. Further, under this arrangement, departmental officers (except for the PWD) are directly responsible to the highest executive officer at their level and not to the departmental superior at the next higher administrative level. Decisions on transfers, leave etc. in respect of departmental staff are not taken by departmental heads but by the concerned executive officer. Thus all responsibility for departmental performance and control of staff at the district and lower levels is vested in the executive head and not with the departments themselves. The major

arguments in favour of such concentration of power in the executive head at each level are : (a) difficulties of communication within the district and with Shillong; (b) comparatively greater need for quick decisions; and (c) the necessity for co-ordinating departmental work with the 'political' aspects of the administration. Recently, the effectiveness of the "Single-Line" system has come in for criticism mainly from technical departments of the Administration. Their main argument is that this form of administration hampers development work. As responsibility and Central of all development work rests with executive officers, departmental officers have no incentive to put forth their best efforts. The departments feel that they cannot organise their work effectively nor can they discipline their officers and staff when necessary.

135. In the hill areas of Manipur also, a modified system akin to that prevailing in NEFA has recently been introduced. The six sub-divisions of the hill areas are proposed to be formed into 16 Tribal development Blocks and each placed under the charge of a Sub Divisional Officer who has also been designated as Block Development Officer. The representatives of the technical departments at the block level will be responsible to the SDO and not to their respective technical heads of departments. Moreover, the heads of departments will communicate with their representatives in the field through the concerned SDO. Thus, like the North East Frontier Agency, the chief executive officer at the sub-divisional level will be in complete control of the administration in his jurisdiction. For the present, this system has been extended to four Tribal Development Blocks. The other Blocks will be taken up gradually.

### *Panchayati Raj*

136. Considering that organisation of Panchayati Raj is one of the Directive Principles of State Policy, it will be worthwhile considering briefly the pattern which has emerged in the Territories, which are under direct administration of the Centre. In the following paragraphs we give a brief description of the system prevailing in the 10 Union Territories and NEFA.

137. *Himachal Pradesh*.—The pattern of Panchayati Raj in the older districts and in the new districts which merged with Himachal Pradesh in 1966 is quite different. In the former areas, there are 638 Gram Panchayats. There is, however, no Panchayati Raj institution at the block level. Instead, *ad hoc* Block Development Committees have been formed. In five districts (Mahasu, Mandi, Bilaspur, Chamba and Sirmur) *ad hoc* Zila Parishads and in Kinnaur district a District Planning and Development Advisory Committee has been formed. In the newly merged areas, however, Panchayati Raj has been organised in a more systematic manner. Himachal Pradesh has inherited 955 Panchayats, 29 Block Samitis and 3 Zila Parishads, each a statutory body. We are informed that efforts are afoot to bring uniformity in the system of Panchayati Raj prevailing in different parts of the Territory and that necessary legislation is under consideration.

138. *Manipur*.—The U.P. Panchayati Raj Act, 1947 was extended to Manipur in 1960; the hill areas were, however, excluded from the purview of the Act. 227 Gram Panchayats and 43 Nyaya Panchayats have been formed. Panchayati Raj has not been extended to the Block and District levels.

139. In the hill areas, under the provisions of the Manipur (Village Authorities in Hill Areas) Act, 1956, Village Authorities have been estab-

lished. For every village having 20 or more tax-paying houses, a Village Authority can be established by the Chief Commissioner. Once this step is taken, such village or villages are given an elected Village Authority, which is responsible for law and order and performs the duties of the police under the Police Act, 1861. 624 villages were notified in 1961 for constitution of Hill Village Authorities but these institutions have become defunct now. Recently, the Manipur Administration have decided to enact the Manipur Panchayati Raj Bill and the Manipur Nyaya Panchayat Bill. Draft Bills have been referred to the Central Government for approval.

140. *Tripura*.—The first step to introduce Panchayati Raj in this Territory was taken in 1959. The U.P. Panchayati Raj Act, 1947 has been extended to the Territory and under this Act, the Tripura Panchayat Raj Rules, 1961 have been framed. The U.P. Act, as extended to Tripura, only provides for the establishment of the first tier, viz., Gaon Panchayats without any provision for the other two tiers at the block and district levels. So far 446 Gaon Panchayats and 134 Nyaya Panchayats have been established. They have started work from the 2nd October, 1967.

141. *Goa, Daman & Diu*.—Under the Goa, Daman & Diu Village Panchayat Regulation, 1962, 149 Panchayats—85 single village and 64 grouped villages—have been formed in this Territory. Elections were held in October, 1962. Under this Regulation, there is no provision for the other two tiers at the Block and district levels.

142. *Pondicherry*.—Panchayati Raj has not been introduced in this Territory. The French system of local government continues to be in force. The Territory is divided into 16 communes for purposes of municipal administration. Each commune has an elected Council with a Mayor at its head. The communes are larger than village panchayats both in area and population. The average population of a commune is 20,000. There is no distinction between urban and rural communes; in fact, Pondicherry town with a population of 40,421 is the largest commune in the Territory. The communes have the characteristics of both village panchayats and Panchayat Samitis in relation to their powers and functions. To a certain extent, they correspond to the erstwhile District of Taluqa Boards.

143. *Delhi*.—In this Territory, Panchayati Raj is still in the initial stages. Evidently, the intention is to organise it at two levels, viz., the village and block levels. At the lower level, the 259 villages of the Territory have been constituted into 194 Gaon Sabhas. Each Gaon Sabha has a Gram Panchayat as its executive wing. At the Block level, through executive orders of the Lt. Governor, five Panchayat Samitis (one in each of the C.D. Blocks of the Territory) have been constituted. There is no district level body and there is no likelihood of any provision being made for such a body because of the fear of conflict between a district level panchayat body on the one hand, and the Corporation and the Territorial Administration on the other. There are in addition 23 Circle Panchayats in the Territory. These are statutory bodies somewhat in the nature of Nyaya Panchayats, but along with their judicial functions, they also undertake a number of executive duties. In 1966 a Bill was introduced in Parliament to constitute Panchayat Samitis and Nyaya Panchayats in the Union Territory of Delhi. However, with the dissolution of the House prior to the Fourth General Election, the Bill lapsed. The Delhi Administration is now reconsidering the whole matter.

144. *The Andaman & Nicobar Islands*.—The Andaman & Nicobar Islands Gram Panchayat Regulation, 1961, provides for the establishment of Gram Sabhas, Gram Panchayats and Nyaya Panchayats. It only extends to the Andaman group of islands. There is no provision for Panchayati Raj bodies at other levels. At present, there are 36 Gram Panchayats and 31 Nyaya Panchayats in this group of islands. The Panchayats are in their infancy and have not yet started discharging their obligatory functions. In the Nicobar Group of islands, the traditional Village and Island Councils are being retained as the Administration feels that they are functioning quite well.

145. *Laccadive, Minicoy & Amindivi Islands*.—Panchayati Raj has yet to be introduced in this Territory.

146. *Dadra & Nagar-Haveli*.—Under the Dadra and Nagar-Haveli Village Panchayats Regulation, 1965, and the Rules framed thereunder, the Territory has been divided into ten Panchayats each consisting of a group of villages. For the Territory as a whole, there is the Varishtha Panchayat, a body consisting of indirectly elected members from the Group Panchayats. This body has been given certain advisory functions *vis-a-vis* the Administrator under the Dadra & Nagar-Haveli Act, 1961.

147. *Chandigarh*.—The state of Panchayati Raj in this Territory is still fluid. Chandigarh has retained the 18 Gram Sabhas which it inherited after the reorganisation of Punjab in 1966. Under the provisions of the Punjab Reorganisation Act, 1966, the Zila Parishad, Ambala (Haryana) and Panchayat Samitis, Manimajra (Haryana), Kharar (Punjab) and Majra (Punjab) still continue to exercise jurisdiction over the village level Panchayat bodies in the Union Territory. The Administration is now considering the question of constituting Panchayat Samitis and a Zila Parishad within the Territory itself.

148. *North East Frontier Agency*.—On the basis of the report of the Ering Committee on Democratic Reforms, the North East Frontier Agency Panchayati Raj Regulation, 1967 has been notified. There is provision for the formation of Anchal Samitis each with jurisdiction over a Block. Within the Block, the Governor has powers to form a suitable number of Gram Panchayats. The Anchal Samiti is an indirectly elected body with the SDO as its Chairman. At the District level, there is provision for constitution of a Zilla Parishad, an indirectly elected body with the Deputy Commissioner as President. At the Agency level, there is provision for constitution of an Agency Council consisting of the Governor, the Member of Parliament representing NEFA, the Vice-Presidents of all Zilla Parishads, three representatives from each Zilla Parishad, to be elected by its members from amongst themselves and the Adviser to the Governor *ex-officio*. This body is to function as the main advisory organ associated with the Governor of Assam. The Panchayati Raj Rules are under preparation and it is hoped to inaugurate Panchayati Raj early in 1969.

#### *Manning of Senior Posts*

149. We may consider the problem of manning of posts in Union Territories in relation to : (a) the All India Services, and (b) the other services.

150. Right from the beginning, the Centre found considerable difficulty in finding suitable officers to man senior posts in the Union Territories, particularly in Manipur, Tripura and the Andaman & Nicobar Islands. In spite

of attractive financial incentives, suitable officers were not forthcoming to serve in these difficult areas. Moreover, the States from which officers could be drawn were not always co-operative, and they were often reluctant to spare really good persons. As the Central Government had large financial commitments in the development plans of the Union Territories, they were vitally interested in proper administrative supervision, which entailed the posting of senior, competent and experienced officers to the Territories. Moreover, in Manipur and Tripura there were serious problems of law and order connected both with the international borders with Pakistan and the activities of Naga Hostiles. In 1959, therefore, it was decided in principle to constitute separate cadres of the IAS and IPS for manning posts in the Union Territories. Initially, this cadre was only extended to Delhi and Himachal Pradesh. The strength of the IAS cadre was 85 and that of the IPS 43.

151. Administratively the idea proved to be a success. For one thing, the Centre did not have to go abegging for suitable officers from reluctant State Governments; and for another, the posting of officers of the All India Services to the Territories resulted in an immediate raising of standards of administration. Moreover, such officers set an example for the Administrations by showing that they were above local party alignments and could provide an impartial administration.

152. In 1965, after the combined Delhi and Himachal Pradesh cadres of IAS and IPS had been in existence for a little over five years, it was decided to cover Manipur, Tripura, Pondicherry, Goa and the Andaman & Nicobar Islands as well. At that time some doubts were raised about the difficulties that may arise because of the variety of languages that are spoken in the Union Territories. On consideration, however, the Central Government felt that this problem was not insuperable. Direct recruitment would provide officers knowing various languages, and at the same time, the quota reserved for promotion from the Territorial Services would also provide officers who knew the local languages.

153. The main advantages visualized for the IAS and IPS cadres embracing all Union Territories were as under :—

- (i) Qualified and experienced officers would become available for manning senior posts in difficult areas, where administrative problems were getting increasingly complex and varied because of the development needs of those areas.
- (ii) The Home Ministry could compel a cadre officer considered suitable to serve in a particular Territory.
- (iii) As the cadres were to be controlled by the Home Ministry, the officers would not be subject to local and parochial pulls and they could work in an atmosphere free from fear or favour.

154. While the Union Territories cadres were in the process of formation, two other problems came up for consideration, viz., (a) the future of the Indian Frontier Administrative Service, and (b) the manning of posts in the North-East Frontier Agency.

155. We may first consider the Indian Frontier Administrative Service. This Service was formally constituted in 1956 but a few officers had been recruited even earlier in 1953-54. The Service was created with a two-fold

objective viz., (a) the extension and consolidation of administration in the frontier areas of the country viz., Nagaland, NEFA, Ladakh, etc., and (b) the integration of the people of these regions with the rest of India through welfare and development work. Even at the time of constitution of the Service, there was some doubt whether such a Service could become permanent. All the same, the Service was constituted in view of the importance attached to the rapid development of the frontier areas.

156. While most members of the IFAS had rendered a good account of themselves, the difficult conditions of service in the border areas, the extreme isolation, the need for constant physical exertion, etc., tended to affect the performance of individual officers. The possibility of postings to less difficult areas, at least in the case of those who were physically handicapped, had proved to be a solution of limited application. Moreover, the smallness of the cadre restricted promotion prospects.

157. It was in the context of the future of the IFAS that the question of manning of posts in NEFA through alternative means came up for consideration. Initially, the Centre thought that there should be a combined IAS cadre for NEFA and Nagaland, but the latter Government was unwilling to participate in the scheme. NEFA alone could not provide enough posts to justify a separate cadre for that Territory. Moreover, the constitutional position of NEFA is such that it cannot have a separate IAS cadre under the provisions of the All India Services Act, 1951. This is because it is a part of Assam, and although it is similar to a Union Territory for the purposes of Article 240 of the Constitution, its constitutional position *vis-a-vis* Assam does not change because of this factor. As it is neither a State nor a Union Territory, a separate cadre of an all India Service cannot be created for it. This difficulty was sought to be solved in either of the following ways :—

- (a) To meet the requirements of NEFA from the Assam cadre of the IAS and make adequate provisions therein; the Governor of Assam, in his capacity as Presidential agent, could then make postings from the Assam cadre to NEFA;

or

- (b) To have a suitably large deputation reserve in the Union Territories cadre of the IAS then under consideration; officers could be posted from that cadre by way of deputation to NEFA in consultation with the Governor of Assam.

On various considerations, it was thought inappropriate to link the needs of NEFA with the Assam cadre. Hence, the second alternative was preferred.

158. Once this problem was solved, it was decided that IFAS officers should have a chance of entry into the Union Territories cadre after screening by the Union Public Service Commission. Any officer considered unsuitable for absorption into the IAS could continue in the IFAS until he retired. Recruitment to the IFAS had already been stopped. It was, therefore, decided that it would continue as a separate service till such time as its officers were either absorbed in the IAS or elsewhere or wasted out in the normal course. For those who continued in the service, it was felt that they might have the same avenues of promotion normally available to members of that service.

159. The final position which has now emerged is that with effect from the 1st January, 1968, a separate cadre of the IAS has been created for the Union Territories. The strength of this cadre is 240 and it will cater to the needs of all ten Union Territories as well as NEFA. The normal deputation reserve available in the cadre has been increased *ad hoc* by 51 posts to accommodate the needs of NEFA. Of the 75 officers of the IFAS cadre, it is proposed to appoint 35 to the Union Territories cadre of the IAS. In addition, three officers of the Class I Services—non-technical—of the Union Territories are also to be taken into this cadre.

160. As in the case of the IAS, and on the same considerations, a separate IPS cadre for Union Territories has been created with effect from the 1st January, 1968. The strength of this cadre is 103 and it will cater to the needs of all Union Territories, except the Laccadive, Minicoy & Amindivi Islands, and Dadra & Nagar-Haveli; the needs of the latter Territories do not extend to senior posts included in the IPS cadre. No provision has yet been made for NEFA on the lines of the IAS. The civil police system is in the process of extension to this area, and presumably, arrangements similar to the IAS will soon become necessary.

161. In the case of the Indian Forest Service also, provision has been made for a separate Union Territories cadre with a total strength of 94. This cadre will cater to the needs of Himachal Pradesh, the Andaman & Nicobar Islands, Tripura, Goa, Daman & Diu, Manipur and Dadra & Nagar-Haveli. The normal deputation reserve has been increased *ad hoc* by 10 posts to cater to the needs of NEFA.

162. The Union Home Ministry acts as the cadre authority for the IAS, IPS, and IFAS. In relation to the Indian Forest Service, however, it is the Ministry of Food & Agriculture which acts as cadre authority.

163. In respect of the Services for which the Home Ministry is the cadre authority, inter-territorial transfers are made by that Ministry in consultation with the concerned Administrations. Transfers within the Territory are, however, left to the Administration unless it involves a promotion or shift from a post carrying a special pay to one without special pay or *vice versa*.

164. As for the services other than the All-India Services, the position varies from Territory to Territory. When the scheme for the joint cadres of the IAS and IPS for Delhi and Himachal Pradesh was put into effect, it was decided to have, on the same considerations, joint Civil Service and Police Service cadres for these two Territories. Subsequently, these cadres were extended to the Andaman & Nicobar Islands. The present strength of the Delhi, Himachal Pradesh and the Andaman & Nicobar Islands (DHANI) Civil Service is 189 and of Police Service 95.

165. In Manipur and Tripura also, the Civil Service and Police Service have been constituted. Their strengths are : Civil Service—42 and Police Service—29 in Manipur and Civil Service—47 and Police Service—24 in Tripura. In Goa, Daman & Diu and Pondicherry only the Civil Service has been constituted in 1967. Its strength is 35 in the former Territory and 38 in the latter. The need for a Police Service has not been felt as yet; the needs of these Territories are being met by obtaining officers on deputation.



166. In NEFA, the Civil Service is under formation. There is no Police Service as yet; the civil police system is in the process of extension to the Territory. Presumably, it will soon become necessary to have a regular Police Service in this case also.

167. In the remaining Union Territories, viz., Chandigarh, the Laccadive, Minicoy & Amindivi Islands and Dadra & Nagar-Haveli, there is hardly any scope for constituting a regular Civil Service and Police Service.

168. Posts of doctors in the Union Territories have now been included in the Central Health Service and appointments are made by the Ministry of Health & Family Planning. In the case of the Public Works Department, upto the rank of Asstt. Engineer, 50% posts are filled by deputation from the CPWD and CWPC and the remaining 50% by local recruitment. For posts of Executive Engineers and above, 75% are filled by deputation from the CPWD and CWPC and the remainder by promotion of local officers. In the case of other departments, no regular services have been constituted in any of the Union Territories including NEFA.

169. Here we may also consider the following points which are related to the manning of posts, viz.—

- (i) Recruitment;
- (ii) Reservation of posts; and
- (iii) Scales of pay.

170. *Recruitment.*—As mentioned in an earlier Chapter, under Article 309, the President is empowered to make rules for persons serving in the Union Territories. In relation to recruitment, under the proviso to Article 309, the power to frame recruitment rules for Class II, III and IV Services and posts in the Union Territories, except where a service has a joint cadre for two or more Union Territories, has been delegated to the Administrators. In the case of Goa, similar powers have also been delegated in relation to Class I Services and posts. In exercise of these powers, the Union Territories have either framed their recruitment rules in consultation with the Union Public Service Commission, or in a few cases these rules are in the process of finalisation. In the case of Class I Services, recruitment rules are to be framed by the Central Government (except in the case of Goa) in consultation with the Union Public Service Commission. In the latter case, it has been represented to us that there has been considerable delay in the framing of such rules by the Central Government. Once the recruitment rules are ready, both in the case of Class I and Class II Services, recruitment is undertaken by the Union Public Service Commission. It has been represented to us that in this method of recruitment, local candidates are at a disadvantage. For one thing, interviews are held in Delhi; and for another, they have to compete against other candidates on an all-India basis. Moreover, recruitment through the Union Public Service Commission is somewhat slow. In NEFA, however, recruitment is undertaken by an *ad hoc* Recruitment Committee with Joint Secretary (Union Territories), Home Ministry as Chairman.

171. *Reservation of Posts.*—In the Union Territories of Himachal Pradesh, Manipur and Tripura, under the Public Employment (Requirement as to Residence) Act, 1959 specific residence qualifications have been prescribed for appointment to posts under the Administration or a

local authority, which carry a scale of pay the minimum of which does not exceed Rs. 300 per month, and also to the post of Tehsildar. This is a temporary enactment and is being extended from time to time, the latest being upto 1969. In the case of NEFA also, a regulation has been promulgated under which residence qualifications have been prescribed for 40% of the vacancies in the posts of Extra Asstt. Commissioners and Circle Officers in the North East Frontier Agency Civil Service to be filled by direct recruitment. In the first instance, the regulation is for a period of five years. In the other Union Territories, no such special provisions exist.

172. In the course of our discussions, we got the impression that in many Union Territories, there is a strong feeling against outsiders in the Services. It was represented to us that local boys in such backward areas as Manipur, Tripura, the Andaman & Nicobar Islands, the Laccadive, Minicoy & Amindivi Islands, etc., with adequate qualifications, both technical and general, are now available in increasing numbers and unless they are given adequate employment opportunities, it will give rise to a great deal of dissatisfaction. In fact, in Manipur several non-officials quoted the example of the PWD where qualified diploma holders of Manipur were without jobs and the CPWD was bringing persons on deputation to man posts in the Territory. With increasing educational activities in the Territories, a large number of qualified local boys will soon be available for employment. It is feared that unless steps are taken to reserve an adequate number of posts for these boys, the problem will become acute.

173. *Scales of Pay.*—There is no uniformity in the pay scales applicable to the Services of the Union Territories. Generally speaking, in Goa, Daman & Diu, Delhi, the Andaman & Nicobar Islands and the Laccadive, Minicoy & Amindivi Islands, Central scales of pay are applicable. In Himachal Pradesh and Chandigarh, the Punjab scales are applicable. In Manipur and NEFA, the Assam scales are applicable. In Tripura, the West Bengal scales are applicable. While most Services conform to the pattern prevailing in a Territory, there are several isolated cases in which pay scales have either been fixed on *ad hoc* considerations or linked to some other scales which differ from the prevailing pattern. Moreover, in linking the pay scales to the neighbouring States, many complications have arisen. This is best illustrated by the case of teachers in Himachal Pradesh and Chandigarh. When the Punjab Government raised the pay scales of its teachers, in Himachal Pradesh and Chandigarh there was an immediate demand for a similar rise. In Chandigarh, the Administration followed the example of the Punjab Government and revised the pay scales of its teachers. This action was taken in exercise of its delegated powers; funds were found by re-appropriation. When Himachal Pradesh sought to do the same, it had to approach the Central Government for funds as the amounts involved were beyond its resources. The Central Government, on which the financial burden thus fell, felt that it could not be bound by the decision of the Punjab Government. The matter rests at that stage.

## CHAPTER III

### FINANCIAL MATTERS

174. In order to complete the perspective for our study of the Administrations of Union Territories, we may now consider certain financial matters. We will consider the subject under four broad headings, *viz.*, (a) financial relations with the Centre, (b) Central assistance, (c) budgetary procedures, and (d) delegation of financial powers.

#### **Financial Relations with the Centre**

175. Following from the fact that the administration of Union Territories is the Constitutional responsibility of the Central Government, their finances are also a direct responsibility of that Government. Constitutionally, this responsibility is absolute and is irrespective of whether or not the Union Territories have Legislatures and Councils of Ministers.

176. In as much as the Union Territories are the responsibility of the Central Government, it is for that Government to finance their administrative activities and development plans. But, at the same time, the Central Government is empowered to raise taxes and tap other sources of revenue from the Territories themselves. If these measures cannot finance all the activities of the Administration, the Central Government is bound to make good the deficit. This factor has bred a tendency towards financial laxity on the part of Territorial Administrations. This is easy to understand; why adopt unpopular tax measures when the Centre will ultimately foot the bill? This is not to imply that the Centre acquiesces in this situation. But experience has shown that measures for raising local resources have been half-hearted and that too after persistent goading by the Central Government. While theoretically, there is no bar on the Central Government invoking the legislative powers of Parliament under Article 246(4) and thereby forcing a reluctant Territorial Administration to levy additional taxes, in practice it is somewhat difficult to expect the Central Government to take recourse to this drastic step, particularly when representative governments are now functioning in five Territories. An interesting sidelight to this power of the Central Government is provided by a particular Administration which suggested to the Centre that it undertake necessary legislation through Parliament to impose Sales Tax in the Territory. Presumably, the Administration saw no reason why it should incur the displeasure of the electorate by itself initiating such an unpopular measure.

177. In the Union Territories without Legislatures (except Delhi and Chandigarh), the position is quite different. Local resources are so meagre that any effort towards resource mobilisation is unlikely to achieve any significant results. In these Territories, therefore, the Central Government is committed to a single handed under-writing of their administrative activities and development plans.

178. Although, strictly speaking, Delhi falls in the category of Territories considered in the preceding paragraph, there are two points of significance which govern its financial relations with the Centre. Firstly, the

location of the national capital within this Territory has placed a financial burden on the Administration which is out of the ordinary. Secondly, the creation of an Executive Council and Metropolitan Council has placed Delhi in a position, more or less, similar to the Union Territories with Legislatures and Councils of Ministers; in other words, the initiative for raising additional resources rests with the Administration. The result of these two factors is that in this Territory, the Central Government's stakes are such that it must, perforce, under-write the administration and development of the Territory, even if the local Administration is reluctant to undertake this task.

179. In order to complete the picture of the financial relations between the Centre and the Union Territories with Legislatures, we may mention two other points of importance. Firstly, such Union Territories are not entitled to a share in the divisible pool of Central taxes and duties. In accordance with the Finance Commission's recommendations, however, the Central Government retains a percentage of such taxes and duties as being attributable to the Union Territories before they are apportioned between the States. Therefore, the position is that while the States receive both Central grants-in-aid of their revenues as well as a share of the divisible pool of Central taxes and duties, the Union Territories receive Central assistance only by way of grants-in-aid.

180. The second point of significance is that the Union Territories cannot raise market loans. This is because constitutionally they have no separate legal personality distinguishable from the Central Government. If any loan is to be raised it must be in the name of the President; hence, it is for the Central Government to meet the requirements of the Union Territories by advancing loans to them.

181. It will be clear that the keynote of the financial relations between the Centre and Union Territories is the ultimate responsibility of the Central Government to find sufficient funds for the proper administration of the Territories and to cater for their development needs. This responsibility is in no way lessened by the Grant of responsible governments in some of the Territories. Thus financial discipline is lax because there is no compulsion for the Territorial Administrations to find resources for financing their administrative activities and development plans.

### **Central Assistance**

182. The Central Government's commitment towards the development of Union Territories is evident from the fact that in comparison to the States, per capita plan expenditure is much higher in their case. Taking all the Union Territories together, the plan outlay proposed for the period 1966-71 (the period originally intended for the Fourth Plan) as compared to the actual outlay for the Third Plan was higher by 195.3%. In the case of the States (minus Union Territories), the corresponding figure was 169.6%. Presumably, when the Fourth Plan is actually prepared, per capita then outlay in the Union Territories will be more or less in the same proportion.

183. The pace of development work in the Union Territories is well illustrated by the following statement :

Name of the Union Territories	Per Capita expenditure during Third Plan	Per Capita outlay proposed during 1966-67
	Rs.	Rs.
1. Delhi . . . . .	350	585
2. Himachal Pradesh . . . . .	250	336
3. Goa, Daman and Diu . . . . .	244	638
4. Tripura . . . . .	136	269
5. Manipur . . . . .	164	311
6. Pondicherry . . . . .	169	332
7. Andaman and Nicobar Islands . . . . .	1,000	1,731 @
8. Laccadive, Minicoy & Amindivi Islands* . . . . .	450	939@
9. Dadra & Nagar-Haveli . . . . .	..*	415
10. Chandigarh . . . . .	..**	634
11. North East Frontier Agency . . . . .	217	376
12. All Union Territories taken together . . . . .	333.3	599.6
All States taken together (excluding Union Territories) . . . . .	94	160

\*No ceiling was assigned to this Territory.

\*\*The Union Territory came into existence on 1-11-1966 as a result of reorganisation of the composite State of Punjab.

@The high per capita expenditure in the Andaman and Nicobar Islands and the Laccadive, Minicoy and Amindivi Islands is on account of acquisition of additional ships for the Mainland-islands and inter-islands service.

184. It will be of relevance to consider how the resources for financing the development plans of the Territories became available. This implies an assessment of the Territories' ability to finance their administrative activities and development plans. The income and expenditure of Union Territories will be clear from the following figures :

*Income/Expenditure of all Union Territories taken together*

	1966-67 (actuals)	1967-68 (R.E.)	1968-69 (B.E.)
	(Rs. in lakhs)		
Expenditure . . . . .	18,675.53	24,672.72	26,728.12
Receipts . . . . .	5,040.49	6,559.92	7,096.20
Deficit . . . . .	13,635.04	18,112.80	19,631.92
Percentage of expenditure to receipts . . . . .	370.5	376.1	376.5

185. Taking individual Territories, we may ignore those which are both small and very backward. For the others, their percentage of expenditure to receipts for 1968-69 (BE) is as under :—

(i) Delhi . . . . .	193.4
(ii) Himachal Pradesh . . . . .	526.2
(iii) Goa, Daman and Diu . . . . .	410.4
(iv) Tripura . . . . .	1,584.9
(v) Manipur . . . . .	837.5
(vi) Pondicherry . . . . .	264.0

186. A detailed Territory-wise statement for the years 1966-67, 1967-68 and 1968-69 is at Appendix V.

187. From the figures quoted in the foregoing paragraphs, it will be obvious that much money is being spent on the administration and development of Union Territories, and evidently most of it is coming from the Central Government. This fact at once raises the question whether the Union Territories are doing their bit in helping themselves. In other words, is there any significant effort on the part of the Union Territories to raise resources from within the Territory or is there over-dependence on Central assistance

188. This question can be considered in two ways; firstly, by calculating what percentage Central assistance forms of the total revenues of a particular Union Territory and then comparing the figure thus derived with the equivalent figures for the neighbouring States; and secondly, by comparing the per capita tax receipts and receipts on account of domestic revenues for the Union Territories and the neighbouring States. As economic conditions in a region are, more or less, similar in both cases we have taken the neighbouring States as a standard for comparison. This is not to say that conditions are strictly comparable but the extent of similarity is sufficient to provide a reasonable standard for comparison. This comparison, we feel, will only be valid for Himachal Pradesh, Goa, Daman & Diu, Pondicherry, Manipur and Tripura. In the case of the others, except Delhi and Chandigarh, because of smallness of the area, geographical location, excessive backwardness etc., the scope of tax and other sources of revenue are insignificant. Delhi and Chandigarh are almost entirely metropolitan in character and they cannot be compared with the neighbouring States.

189. In the following statement, Central assistance includes, in the case of States, share in the divisible pool of taxes and duties and grants-in-aid and, in the case of Union Territories, only grants-in-aid.

*Central Assistance as a percentage of total revenues of  
Union Territories and neighbouring States*

	1966-67 (Actuals)	1967-68 (R.E.)	1968-69 (B.E.)
(Percentages)			
<i>Himachal Pradesh</i> . . . . .	58.4	59.6	62.9
<i>Haryana</i> . . . . .	31.0	20.6	19.8
<i>Punjab</i> . . . . .	17.1	19.7	18.8

<i>Goa, Daman &amp; Diu</i>	.	.	.	.	.	.	47.9	52.8	49.2
<i>Maharashtra</i>	.	.	.	.	.	.	26.6	26.1	25.6
<i>Mysore</i>	.	.	.	.	.	.	28.0	29.1	26.2
<i>Pondicherry</i>	.	.	.	.	.	.	26.9	46.9	45.3
<i>Madras</i>	.	.	.	.	.	.	27.8	27.1	25.0
<i>Manipur</i>	.	.	.	.	.	.	87.9	85.6	81.5
<i>Assam</i>	.	.	.	.	.	.	60.9	64.6	63.1
<i>West Bengal</i>	.	.	.	.	.	.	28.8	30.8	29.1
<i>Tripura</i>	.	.	.	.	.	.	89.9	87.6	89.0
<i>Assam</i>	.	.	.	.	.	.	60.9	64.3	63.1
<i>West Bengal</i>	.	.	.	.	.	.	28.8	30.8	29.1

*N. B.*—For further details see Appendix VI.

190. The above figures clearly demonstrate the extent of dependence of the Union Territories on Central assistance. In fact, in the current year, well over 80% of the revenues of Manipur and Tripura will be derived from Central assistance. The position of Himachal Pradesh is hardly better, particularly if we keep in view its population, size and developmental potential. A comparison with the neighbouring States only serves to highlight the over dependence on Central assistance in the Union Territories.

191. In the following statement under the column heading "Per Capita Domestic Revenue" we have excluded the element of Central assistance.

*Per capita tax and domestic revenues in the  
Union Territories and neighbouring States*

	Per capita tax revenue 1966-67	Per capita domestic revenue	Per capita tax revenue 1967-68	Per capita domestic revenue	Per capita tax revenue 1968-69	Per capita domestic revenue
	(Actuals)		(R.E.)		(B. E.)	
<i>Himachal Pradesh</i>	8.5	37.9	13.0	48.2	13.4	51.3
<i>Punjab</i>	40.8	74.0	35.3	63.8	37.1	69.1
<i>Haryana</i>	9.4	18.8	28.9	55.4	30.7	61.2
<i>Goa, Daman &amp; Diu</i>	38.0	67.4	38.7	74.7	42.5	85.6
<i>Maharashtra</i>	33.7	44.1	38.0	51.7	42.2	57.0
<i>Mysore</i>	19.9	42.2	23.6	46.9	27.7	53.8
<i>Pondicherry</i>	36.1	84.4	36.2	68.5	41.1	79.6
<i>Madras</i>	26.0	38.1	29.9	45.0	32.9	50.4
<i>Manipur</i>	6.4	14.6	10.0	21.2	12.7	27.6
<i>West Bengal</i>	24.6	32.7	25.3	34.5	27.5	37.7
<i>Assam</i>	15.5	21.4	18.3	22.6	19.0	33.1
<i>Tripura</i>	4.1	9.5	4.5	14.9	4.6	12.3
<i>West Bengal</i>	24.6	32.7	25.3	34.5	27.5	37.7
<i>Assam</i>	15.5	21.4	18.3	22.6	19.0	23.1

*N.B.*—For further details see Appendix VII.

192. The poor performance of Tripura and Manipur in the field of taxation stands out glaringly. The performance of Himachal Pradesh is only marginally better. Both Pondicherry and Goa appear to have done fairly well in this field. It may, however, be mentioned that the per capita tax figures for Madras, Maharashtra and Mysore may not be strictly comparable with the equivalent figures for the Union Territories of Goa and Pondicherry because in those States there is also some taxation at the local government level, *i.e.* by the panchayat bodies, which is not the case in the Union Territories. In any case, in comparison to the neighbouring States, there is scope for additional tax efforts in Tripura, Manipur and Himachal Pradesh. The per capita receipts on account of total domestic revenues, more or less, reflect the same picture as in the case of tax receipts.

### **Budgetary Procedures**

193. We may distinguish between the budget procedures prescribed for Union Territories with Legislatures and those without this institution. For the latter class of Union Territories, which includes Delhi, we need not go into details for there is no difference in the budget procedure prescribed for them and any Ministry or Department at the Centre. In fact, their budget demands form a part of the Union budget. The budgetary procedure in respect of Union Territories with Legislatures is, however, regulated by the Government of Union Territories Act, 1963, the Rules of Business of those Territories, and executive instructions issued by the Central Government.

194. Section 27 of the 1963 Act provides that the Administrator shall cause to be laid before the Legislative Assembly, *with the previous* approval of the President, a statement of estimated receipts and expenditure of the Territory for that year (Annual Financial Statement). Thereafter, except for expenditure "charged" upon the Consolidated Fund of the Territory, other expenditure shall be submitted for the consideration of the Assembly in the form of Demand for Grants (section 28). After the grants have been duly voted, an Appropriation Bill is to be introduced in the Assembly to appropriate moneys from the Consolidated Fund of the Territory (section 29). Before introduction, however, the Appropriation Bill requires the recommendation of the Administrator [section 23(1)(c)]. After the Appropriation Bill has been passed, the Administrator shall reserve it for the consideration of the President [section 25(2)]. Once the Bill has received the President's assent it is published as the Appropriation Act, and this completes all legislative action in relation to the Territory's budget.

195. Under the Rules of Business it is laid down that the form of the Annual Financial Statement (including the grants and appropriations into which it is to be divided) and the procedure for obtaining the approval of the President shall be such as the Central Government may by order prescribe (Rule 55). The Home Ministry in its capacity as coordinating Ministry has, from time to time, issued orders to regulate these matters. The Territorial Administrations are required to submit their budget estimates in three parts, *viz.*, (i) Part I—Standing and Fluctuating Charges; (ii) Part II (a)—Continuing Charges (*e.g.* temporary posts continuing from previous year, works and schemes in progress, etc); and (iii) Part II(b)—Really New Items. The estimates in Parts I and II(a) are to be submitted by the 30th September, and Part II(b) by 15th September. The expenditure estimates are separately framed for "Plan" and "Non-Plan" items.



196. On receipt, the budget estimates in Parts I and II(a) are retained by the Home Ministry for scrutiny, Part II(b) of the estimates are at once referred to the administrative Ministries for scrutiny in consultation with their associate Finance.

197. After scrutiny by the administrative Ministries and the Home Ministry has been completed, the estimates are consolidated in the Home Ministry. Thereafter, they are referred to the Ministry of Finance (Home Division) along with a specific recommendation as to the quantum of Central grants-in-aid and loans to be provided in the Union Budget for the concerned Union Territory.

198. The Ministry of Finance (Expenditure Department) then scrutinises the estimates keeping in view the availability of funds. If it becomes necessary to impose cuts in the proposed grants-in-aid or loans, the estimates are suitably revised by the Home Ministry; where the cuts relate to 'Plan' items, the Home Ministry also consults the Territorial Administrations. After revision, the estimates are communicated in the form of a "Statement of Accepted Estimates" to the Department of Expenditure (Ministry of Finance) for onward transmission to the Department of Economic Affairs (Budget Division) for inclusion in the Demand for Grants of the Central Government. A copy of this statement is also endorsed to the Union Territory concerned.

199. Thereafter, the Territorial Administration prepares the draft Annual Financial Statement and forwards it to the Home Ministry for obtaining approval of the President. The draft Annual Financial Statement is scrutinised by the Home Ministry mainly with a view to ensure that the assumption of grants-in-aid and loans is the same as provided earlier at the time of budget scrutiny. The formal approval of the President under Section 27(1) of the Government of Union Territories Act, 1963 is then conveyed to the Administration.

200. The Annual Financial Statement as also the Demands for Grants, the latter with the 'recommendation' of the Administrator, are presented to the Legislative Assembly. After the demands have been voted, the Appropriation Bill is introduced and passed by the Assembly. As is the case with every Bill passed by the Assembly, the Appropriation Bill is also reserved by the Administrator for the consideration of the President.

201. The Appropriation Bill is scrutinised by the Ministries of Home Affairs and Finance and again with a view to ensure that the Bill tallies with the Annual Financial Statement, which had earlier received the President's approval. After completion of this scrutiny, the President's assent is conveyed to the Administration by the Home Ministry. This is the final step in the long drawn out proceedings, which attend the framing and voting of the Territory's budget.

202. In the above proceedings, the plan budget is also subjected to a detailed scrutiny. However, the total annual plan outlay approved by the Planning Commission is ultimately accepted in preference to the budget estimates. In this arrangement coordination between planning and budgeting appears to be inadequate. This is mainly due to two reasons. Firstly, there is a considerable time lag between the preparation of the budget estimates and the preparation of the annual plan. The budget estimates are due to be finalised by the Finance Departments of the Union Territories in

the middle of September, while the annual plan is to be sent by the Planning Departments to the Planning Commission towards the end of October. Secondly, there is no direct exchange of views between the Finance and Planning Departments before provisions are finally made in the plan.

203. Similarly at the Central level also, coordination is inadequate. The draft plans are received from the Union Territories towards the end of October, and after preliminary consideration in the Planning Commission, are discussed in Working Groups where the Territorial Administrations and Central Ministries are also represented. The Planning Commission decides the final outlays on the basis of the recommendations of the Working Groups, which are then communicated to the Union Territories and concerned Ministries. As the results of this exercise do not become available before the scrutiny of the budget estimates, at times there are wide variations between the plan outlays and the actual budget provisions. The Planning Commission has recently revised this procedure. This year the Union Territories have been asked to send draft annual plans for 1969-70 by the 10th September, 1968. The plan discussions are scheduled to take place in October instead of November. This, it is hoped, will ensure a greater degree of coordination between the annual budget and annual plan.

204. Contributions to the Consolidated Fund of the Union Territory by way of grants-in-aid and loans are made after the Central Budget is voted. The Home Ministry authorises release of contributions through the concerned Accountants General in equal quarterly instalments, subject to adjustments being made in the final instalment on account of the Revised Estimates becoming known at the time of release of that instalment.

205. The procedure for supplementary grants is also the same as for the annual budget. A Financial Statement similar to the Annual Financial Statement is required to be placed before the Legislative Assembly with the prior approval of the President (Section 30). After the Appropriation Bill has been voted by the Assembly, it has to receive the President's assent before funds can be appropriated from the Consolidated Fund.

206. We have described in some detail the procedure applicable to the framing and approval of the Territorial budgets so as to highlight one important feature, viz., the role of the Central Government in these proceedings. Despite the elaborate procedure prescribed for the purpose, including the role assigned to the Territorial Legislature, in reality it is the Central Government which approves the Territorial budget. Admittedly, the Administration frames the estimates, but each item included therein is subjected to detailed scrutiny by the Central Government. It is on the basis of this scrutiny that a decision is taken as to the quantum of grants-in-aid and loans to be given to the Territory. Subsequently, when the Annual Financial Statement comes for the President's approval, it is scrutinised at the Centre to ensure that there is no departure from the budget estimates approved earlier. A third scrutiny is undertaken when the Appropriation Bill comes to the Government for the President's assent; again the intention is to ensure that the demands voted by the Legislature tally with the original estimates approved by the Centre. In this process, little discretion is left to the Territorial Legislatures in the voting of the Territory's budget.

## Contingency Fund

207. In relation to budget procedures, we may consider another matter which is more or less, allied to this issue, viz., the Contingency Fund. Under section 48 of the Government of Union Territories Act, 1963, it is laid down that a Contingency Fund for the Territory in the nature of an imprest shall be established and that such Fund shall be held by the Administrator to enable advances to be made by him to meet unforeseen expenditure pending authorisation of the expenditure by the Assembly under appropriations made by law. The Administrator has been authorised to make rules for regulating all matters connected with or ancillary to the custody of, the payment of moneys into, and the withdrawal of moneys from, the Contingency Fund. In accordance with these provisions, the Union Territories have made rules relating to the Contingency Fund, which generally follow the rules prescribed by the Union Finance Ministry for the Contingency Fund of India. Each of the Union Territories has a Contingency Fund of Rs. 10 lakhs, except Pondicherry where the Fund is of Rs. 5 lakhs. The Administrator is empowered to draw advances in accordance with the Contingency Fund Rules upto the maximum amount available in the Fund. If the Fund is exhausted, further advances have to await recoupment through supplementary grants authorised by the Legislature. Although the powers of the Administrator under these rules are unfettered, instructions have been issued by the Home Ministry prohibiting advances from the Fund without the prior approval of the Central Government. The reasons which impelled the issue of these instructions are explained in the following paragraphs.

208. Under the Contingency Fund Rules it is laid down that supplementary estimates in respect of all expenditure financed from the Fund should be presented at the next session of the Legislature. However, supplementary demands for grants are to be laid before the Legislature with the previous approval of the President. Thus, expenditure financed from an advance from the Contingency Fund has to be regularised by presenting a supplementary demand with the previous approval of the President. If the advance from the Contingency Fund is drawn and spent without consulting the Central Government, the subsequent proposal for Presidential approval for the supplementary demand becomes a *fait accompli*. In order to prevent this anomaly the Central Government issued the instructions in question. Moreover, under the Rules of Business, the Territorial Administrations have to refer to the Central Government, cases which involve expenditure in excess of the budget provision. An advance from the Contingency Fund can only become necessary when there is absence of adequate budget provision and in accordance with these Rules, the Administrations will have to obtain the approval of the Central Government.

209. More often than not, the Union Territories have no resources of their own to meet the additional expenditure which is sought to be met by drawing an advance from the Contingency Fund. Hence, the supplementary demands to recoup the advance may involve additional grants-in-aid or loans from the Central Government. This is an additional reason why the Central Government insists on its prior approval being taken before any advance is drawn from the Contingency Fund of the Territory.

210. In the circumstances explained above, the instructions of Central Government are not unjustified. But this does not solve the problem; there

is statutory provision for the establishment of a Contingency Fund and its operation by the Administration, yet it cannot do so without the prior approval of the Central Government.

### **Delegation of Financial Powers**

211. Under the provisions of section 47 of the 1963 Act, a Consolidated Fund has been created for Himachal Pradesh, Goa, Pondicherry, Manipur and Tripura. The Fund consists of all revenues received in the Territory by the Government of India or the Administrator in relation to any matter with respect to which the Legislative Assembly has powers to make laws, all grants made and all loans advanced to the Territory from the Consolidated Fund of India and all moneys received by the Territory in repayment of loans. Further, the Administrator has been empowered to make rules, with the approval of the President, in respect of the custody of the Fund, the payment of moneys into the Fund and withdrawal of moneys therefrom and all other ancillary matters.

212. Each of the above Union Territories now has a Consolidated Fund; but in framing rules relating to the Fund, the Central Government have applied the rules relating to the Consolidated Fund of India. Given below is an extract of the relevant provision of the Consolidated Fund of the Union Territory of Himachal Pradesh Rules, 1963 :

“2. The custody of the Consolidated Fund of the Union Territory of Himachal Pradesh, the payment of moneys into the Fund, the withdrawal of moneys therefrom and all other matters connected with or ancillary to matters aforesaid shall be regulated by the rules for the time being applicable in relation to the custody of the Consolidated Fund of India, the payment of moneys into that Fund, the withdrawal of moneys therefrom and all the matters connected with or ancillary thereto.”

The effect of the above Rule is that all Financial Rules of the Central Government, such as the General Financial Rules, Delegation of Financial Powers Rules, Treasury Rules, Fundamental Rules, Supplementary Rules, etc. are equally applicable to the Union Territories.

213. In delegating financial powers, the Administrators have been recognised as a distinct category along with administrative Ministries, Heads of Departments, etc. The Governor of Assam, while acting as agent to the President in relation to the North East Frontier Agency, is on par with the Administrators. Initially, the powers enjoyed by Administrators were not only less than those enjoyed by administrative Ministries, but also varied from Territory to Territory. After the 1963 Act came into force, the powers of the Chief Commissioners of Manipur and Tripura were enhanced in certain respects so as to achieve parity with the Administrators of Himachal Pradesh, Goa and Pondicherry. Subsequently, in 1964 and 1967, the existing powers of these Administrators as also of Delhi, were subjected to a close review and enhanced powers for sanctioning schemes, creation of posts, re-appropriation of funds, sanction of conveyance allowance, write off of losses, grant of deputation allowance, indents and purchase have been given to them. As a result of the latest delegation orders, the powers of the Administrators have become, more or less, the

same as those of administrative Ministries. In respect of some items, however, the Ministries still enjoy more powers than the Administrators. The Central Government, appear to feel that there are bound to be certain matters in respect of which there is no need to equate Administrators with administrative Ministries. For one thing, in many fields they may have little use for the enhanced powers and, for another, in important matters involving policy or the expenditure of large amounts, it is essential that the Central Government be consulted. They have, however, clarified that the question of delegating additional powers is kept under constant review, and as and when considered necessary Administrator's powers will be further enhanced.

214. There is one other matter; the authorities designated as Heads of Departments exercise delegated powers to the extent shown in the Delegation of Financial Powers Rules (D.F.P. Rules). In addition, administrative Ministries and Administrators can re-delegate their own powers to Heads of Departments or Heads of Offices in respect of (i) creation of posts, (ii) appropriation and re-appropriation, (iii) contingency expenditure, (iv) miscellaneous expenditure and (v) write off of losses. In Pondicherry, Manipur, Tripura, the Laccadive, Minicoy & Amindivi Islands and NEFA, there is no Head of Department for purposes of the D.F.P. Rules. Various authorities, however, exercise such powers as are re-delegated to them by their Administrators. In other Territories, the position is different. In Goa, Daman & Diu, there are ten officers who exercise powers as Head of Department under the D.F.P. Rules; there are eight such officers in Himachal Pradesh, five in Chandigarh and one each in Delhi, the Andaman & Nicobar Islands and Dadra & Nagar-Haveli.

215. The result of this situation is that except for those powers which have been specifically re-delegated to them by the Administrators, no departmental heads in four Union Territories and NEFA can exercise powers of Head of Department under the D.F.P. Rules. Consequently, many financial matters which could have been disposed of at their level travel up to the Administration for sanction. The main argument advanced against empowering suitable Territorial Officers as Head of Department for purposes of the D.F.P. Rules, is that they are comparatively low in status and cannot be trusted to make a proper use of the enhanced powers that would become available to them.

216. The Manipur Administration, however, contests this view. They feel that declaring their departmental heads as Head of Department under the D.F.P. Rules, will not only help in minimising the burden at the secretariat level, but will also result in speedier disposal of work all round.

217. The Goa Administration have some relevant comments to offer in respect of the matters discussed in the foregoing paragraphs. They have pointed out that while the responsibilities of the Central Government are directly related to Union List of the Seventh Schedule, the responsibilities of the Territorial Administrations are related to the State List. The Central Government have framed various procedural rules, including financial, keeping in view the need for discharging their responsibilities in the most efficient manner possible. The application of these rules *mutatis mutandis* to the Union Territories, according to the Goa Administration, is improper

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mainly because such rules are related to the functions of the Central Government which are different from those of the Territorial Administrations. The proper thing would have been the application of the rules of a State Government to the Union Territories as those rules would have reference to the functions mentioned in the State List. The Goa Administration, therefore, feels that it is essential that the financial rules (as also other rules) applicable to Union Territories should be modelled on the rules prevailing in the neighbouring State or any other State.

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**PART III**

**PROPOSALS FOR REFORM**

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**[ 55-56 ]**





218. In the previous three Chapters we have briefly surveyed the administrative and financial arrangements for administering the Union Territories, as also their relations with the Central Government. Based on our study of the problem and our discussions with officials and non-officials, experienced and knowledgeable in matters connected with the administration of Union Territories, we have also brought out the shortcomings of the present arrangements. We have tried to ignore the petty and the trivial, and concentrate on those problems which are basic for purposes of our study. If there is to be any improvement and development in the administration of Union Territories, it is these problems which need solution. Accordingly, in the following Chapters we have taken up the problems highlighted in Part II of this report and have put forth our recommendations for remedial action.

219. Our approach to the problems of the Union Territories with Legislatures is that, while retaining their essential character as Union Territories, in day-to-day administration they may be accorded the *de facto* status of States. This objective, we feel, can be achieved through the re-definition of their relations with the Central Government and a maximum devolution of powers so as to enable them to function, more or less, autonomously under the overall control of the Centre. These arrangements can best be described as "Working Statehood"; they do not entail any change in the formal status of the Union Territories.

220. As a necessary corollary to "Working Statehood" there is need for a general strengthening of the administrative set-up in the above Territories. A similar strengthening is also required in the other Union Territories. The changes required at the territorial level are also reflected in the arrangements for the administration of Union Territories in the Home Ministry.

221. We have, therefore, spelt out our recommendations in this regard in five Chapters, viz; (a) Autonomy of Territorial Administrations, (b) Reforms—Administrative, (c) Financial Administration, (d) Additional Resources, and (e) Economy.

## CHAPTER I

### AUTONOMY OF TERRITORIAL ADMINISTRATIONS

222. In an earlier Chapter, we have already discussed in some detail the grievances of the Union Territories in relation to the lack of autonomy of their Legislatures and Councils of Ministers. We may now consider what remedial action is possible, keeping in mind the constitutional responsibility of the Central Government to ensure the good administration of the Union Territories.

223. The two principal provisions of the Constitution under which the Union Territories are administered are Articles 239 and 239-A. While the first places the responsibility for their administration on the President, the second gives authority for the creation of Legislatures and Councils of Ministers with such functions and powers as may be prescribed by law. Now that Legislatures and Councils of Ministers with powers and functions, more or less, akin to their counterparts in the States have been functioning in five Union Territories for the last five years, experience has shown that the division of responsibilities between the President and these democratic institutions has given rise to difficulties in demarcating their respective jurisdictions. Unless the responsibilities of each level can be clearly demarcated so as to harmonize the constitutional responsibility of the Central Government with the need for ensuring the autonomy of the Territorial Administrations, the arrangements cannot work to the best advantage of either the Centre or the Union Territories.

224. Popular governments have been functioning in Himachal Pradesh, Goa, Pondicherry, Manipur and Tripura from 1963. While the Central Government have to discharge their constitutional responsibility to ensure the good administration of the Territories, it is proving to be a difficult task, as any step in this direction, tends to be regarded as undue interference by the Territorial Administrations. They want that their governments should be allowed to function with the largest possible measure of autonomy. While we are in sympathy with these aspirations, we recognise the need for reconciling such demands for autonomy with the legitimate discharge of the constitutional responsibility cast on the Central Government. A proper balance can only be achieved if provision is made for the exercise of maximum autonomy by the Territorial Administrations, while, at the same time, retaining overall control with the Central Government, particularly in crucial sectors of activity. This, in our view, must be the guiding principle in devising any arrangements for the Union Territories. It logically follows that if there is any provision of law or rule, which does not conform to this principle, it must be amended.

225. The provisions of law and rules which govern the relationship between the Central Government and the Union Territories are embodied in the Constitution, the Government of Union Territories Act, 1963 and the Rules of Business. We may, therefore, examine the relevant provisions with a view to ascertain whether they conform to the principle we have enunciated in the foregoing paragraph.

## **The Constitution**

226. Articles 239, 239-A, 240 and 241 provide the framework for the administration of Union Territories. We do not feel called upon to suggest any changes in these basic provisions for that would be outside the purview of our terms of reference. We may, however, consider another constitutional provision, which directly impinges on the relationship between the Central Government and the Territorial Administrations. As indicated earlier, by virtue of Article 246(4), Parliament has over-riding powers to make laws with respect to any matter for a Union Territory notwithstanding that such matter is a matter enumerated in the State List. Therefore, unlike State Assemblies, the Legislatures in the Union Territories do not enjoy exclusive legislative powers in relation to the State List. Despite this fact, we feel that there is no basic objection in retaining such over-riding powers with Parliament. Firstly, by convention Parliament is unlikely to exercise its powers so as to interfere in the functioning of a Legislature it has itself created. Secondly, experience has shown that this provision is, more or less, dormant and there is unlikely to be any need for using the extraordinary powers of Parliament. There does not, therefore, appear to be any objection in allowing the over-riding powers of Parliament to legislate for the Union Territories to remain intact.

## **Government of Union Territories Act, 1963**

227. The five key sections of the 1963 Act which govern the relations of the Central Government with the Union Territories are sections 25, 27, 44, 45 and 46. We may examine the provisions of each of these sections to ascertain whether they conform to the guiding principle which in our view, should govern the relations of the Central Government with the Union Territories.

### **Section 25**

228. This section provides that when a Bill has been passed by the Legislative Assembly of a Union Territory, it shall be presented to the Administrator, and the Administrator shall reserve the Bill for the consideration of the President. When a Bill is so reserved, the President shall declare either that he assents to the Bill or that he withholds assent therefrom. He may also return the Bill to the Legislative Assembly together with a message, requesting the Assembly to reconsider Bill in accordance with his directions. After the Assembly has reconsidered the matter, the Bill has again to be presented to the President for his consideration.

229. It is quite clear that through this provision, the Central Government, at least theoretically, can exercise control over the legislative activities of the Territorial Legislatures. That they have not done so upto now cannot be justification for a provision, which is in conflict with the guiding principle mentioned earlier. Central control is further extended through the provisions of the Rules of Business, which make it mandatory for the Administrator to refer to the Central Government proposals for legislation in respect of matters specified in the Rules. In addition, the Administrator has general powers to refer to the Central Government any draft Bill before its introduction in the Assembly. We were told that it is the practice to refer *all* legislative proposals to the Central Government, whether such proposals fall in the mandatory category or not. It was explained to us that this is necessary because the Territorial Administrations do not command legal

talent of a sufficiently high order to ensure that the drafting of the Bill is adequate and proper.

230. We think that it is unnecessary to insist on such a high degree of control over the legislative powers of the Territorial Legislatures, where legislative measures are scrutinized by the Central Government both before introduction of a Bill in the Assembly and then again when it has been passed by that body. We, therefore, recommend that section 25 should be amended in such a manner that the Administrator may be empowered in his discretion to give the assent or withhold the assent of the President to Bills passed by the Legislative Assembly. These powers will, however, be subject to the following limitations :

- (a) The Administrator shall comply with any instructions, general or otherwise, given him by the President in respect of such Bills;
- (b) He shall, if so directed by the President, reserve any Bill for the consideration of the President, and a Bill so reserved shall not have any force unless and until he makes known that it has received the President's assent and
- (c) Notwithstanding that a Bill relates to a matter included in the State List, he shall reserve it for consideration of the President, if a Governor of a State is likewise required to reserve a similar Bill for consideration of the President under any provision of the Constitution.

231. The Administrator may also return the Bill together with a message requesting the Assembly to reconsider the Bill or any specified provision thereof, and, in particular, consider the desirability of introducing any such amendments as he may recommend in his message. When the Bill has been so reconsidered, the Bill shall again be presented to the Administrator and the provisions mentioned in the above paragraph will again apply.

232. Inasmuch as the Administrator will have to act in his discretion in withholding or according assent to a Bill presented to him subject to the general limitations mentioned above, it would be appropriate to lay down specific guidelines for the Administrator in the form of an Instrument of Instructions, more or less, on the lines of the instructions issued under the Constitutional Acts of 1919 and 1935. This will serve a two-fold purpose. Firstly, the Central Government can prescribe in precise terms the limits within which it wishes to exercise control over the legislative activities of Territorial Administrations; and secondly, chances of conflict between the Central Government and the Territorial Legislatures and Councils of Ministers will be minimised because of the precise definition of the areas of interest of the Central Government. The Instrument of Instructions may also provide for matters other than those connected with the exercise of legislative powers by the Assembly.

233. Simultaneously with an amendment of Section 25 of the 1963 Act, there is need for amending those provisions of the Rules of Business which require prior consultation with the Central Government before legislation is initiated. The exact changes which we contemplate in this respect are dealt with in a subsequent section. Regarding the plea that legal talent of sufficiently high calibre is not available with the Territorial Administrations, the answer lies in either providing suitable legal draftsmen or leaving it to the Administrations to seek the help of the Central Government if they so desire.

234. The net result of our proposals to amend section 25 will be that on the one hand, in the exercise of their legislative powers, the Territorial Administrations will be comparatively free of Central control; and on the other, through the Administrator the Central Government will be in a position to exercise their authority within clearly defined limits. There will be no ambiguity in this matter for the Administrator will be required to act in accordance with his Instrument of Instructions, and both he and the Territorial Administrations will know in advance whether a particular Bill is to be reserved for consideration of the President or assented to by the Administrator.

235. As a corollary to our recommendations regarding assent to Bills by the Administrator, we feel that it will be appropriate to also empower him to promulgate Ordinances during recess of the Legislature. These powers may, more or less, follow the provisions of Article 213 of the Constitution. In relation to these powers, provision can be made for laying down guidelines in the Administrator's Instrument of Instructions.

## Section 27

236. In an earlier section on budgetary procedures, we have discussed the provisions of Section 27. In seeking approval of the President before the Annual Financial Statement is presented to the Legislature, the Territorial Administration is required to virtually seek approval of its budget from the Central Government. This degree of control is insisted upon, presumably because the Central Government is, to a large measure, responsible for financing the administrative activities and development plans of the Territories. Hence, it insists on a detailed scrutiny of: (a) the estimates of revenues to ensure that adequate efforts are being made to raise domestic resources, and (b) of the expenditure estimates to ensure that the money it will provide is well spent. In their discussions with us, both Ministers and Legislators urged that in prescribing this degree of Central control, the voting of the budget by the Territorial Assembly is a mere formality. On the one hand, the budget estimates are approved by the Central Government and, on the other hand, the Appropriation Bill must also receive their concurrence. Hence, they felt that the Legislature has no real powers in relation to the budget.

237. Once it is conceded that the Central Government have a direct interest in the budgets of the Union Territories as they provide the bulk of their revenues through grants and loans, it will be seen that it is not possible to completely do away with scrutiny at the Central level. If, however, a method can be found for restricting such scrutiny to the absolute minimum, there may be no objection in submitting the Annual Financial Statement for prior approval of the President before it is placed before the Assembly. For the subsequent scrutiny after the Appropriation Bill has been passed by the Assembly, we have already recommended in relation to our proposals for amendment of Section 25, that it will not be necessary for the Administrator to reserve each and every Bill for consideration of the President.

238. In our view, the key to the whole problem lies in giving advance intimation of the quantum of Central assistance to the Territorial Administrations, and thereafter allowing them to prepare their own budgets. This, in outline, is how we seek to remove the objectionable features of Central scrutiny of the budget which is implicit in Section 27. Our proposals are

spelt out in detail in a subsequent Chapter dealing with reform of budget procedures. It will be sufficient to say here that there is no need to amend Section 27 because the desired objective can be achieved by some other method.

#### Section 44

239. Under the proviso to sub-section (1) of section 44, in cases of difference of opinion with his Ministry, the Administrator can refer the matter to the President for decision, and pending such decision he can take such action and give such directions as he deems necessary. If the Central Government are so inclined, through this provision, they can intervene in the functioning of the Territorial Ministry. As this provision affects the autonomous functioning of the Council of Ministers, it does not conform to the pattern which, in our view should govern the relations between the Centre and the Union Territories. We are, however, informed that during the five years during which Councils of Ministers have been in existence in the Union Territories, only very rarely has it become necessary to make use of this provision.

240. While in principle we are against any provision of this nature, there are two factors which have influenced us in deciding against recommending an amendment of this section. Firstly, politically some of the Territories have not reached a stage of development in which Central control can be completely done away with. Secondly, the Territories are facing such intricate and complex problems as the continuing influx of refugees into Tripura, hostile activities of Nagas and Mizos in Manipur and Tripura, and the constant threat of hostilities along the Indo-Pakistan border in Tripura and the Sino-Indian border in Himachal Pradesh. These factors underline the need for some reserve powers with the Administrator for use in an emergency.

241. For these reasons, we feel that the balance of advantage lies in allowing this provision to remain on the statute book for the present. However, we must emphasise that the use of such powers must be restricted to the most exceptional circumstances, and this fact should find mention in the Instrument of Instructions we have earlier proposed. In practice, the mere presence of this provision in the statute book should suffice, without any need for its actual use.

#### Section 45

242. Unlike the Council of Ministers in a State, the Council in a Union Territory is appointed by the President and it holds office during his pleasure; it is, however, collectively responsible to the Territorial Legislature. This provision, we feel, follows from the constitutional responsibility cast on the President by virtue of Article 239. Hence, the appointment of the Ministry by the President instead of the Administrator need not be considered as objectionable. In any case, so long as the appointment of the Chief Minister and other Ministers depends on majority support in the Assembly, it does not matter whether they are appointed by the President or the Administrator.

#### Section 46

243. It is laid down in this section that the President shall make rules for: (a) the allocation of business to the Ministers, and (b) the mere convenient transaction of business with the Ministers including the procedure to

be adopted in the case of a difference of opinion between the Administrator and the Council of Ministers or a Minister. In exercise of these powers, the Central Government have framed the Rules of Business of the Union Territories. While prescribing the procedure for transaction of business within the administration, various limitations and restrictions have been imposed on the functioning of the Administrator, Council of Ministers and individual departments. In many cases, these restrictions are administrative in nature and do not flow from any statutory or constitutional provision. The Central Government have, in fact, exercised the power to frame rules in a manner to extend their control over a considerable field of activities of the Territorial Administrations. While we will discuss the specific amendments needed in the Rules of Business in the following Section, it is our view that Section 46 should be amended. It should be provided that the Central Government will only retain powers to frame those rules which impinge on the relations of the Central Government and the Union Territories. The framing of the rules which regulate the internal working of the Administration can be left to the Administrator. If any general directions are to be given in this respect, they can find place in the proposed Instrument of Instructions.

### **Rules of Business**

244. As we have indicated earlier, there are two sets of rules in the Rules of Business which tend to impinge on the autonomy of the Council of Ministers. The first set of Rules requires the Administrator to refer specified classes of cases to the Central Government, and once a reference is made under these rules, action must be taken in accordance with the decision of that Government. The second set of rules, similarly, requires that specified classes of cases must be submitted through the Chief Minister to the Administrator before issue of orders.

### **References to the Central Government**

245. *Legislation.* As indicated earlier, the Administrator is required to refer to the Central Government all proposals for legislation in certain specified matters; these include matters affecting the official language of the Territory or any of the matters enumerated in the Concurrent List or in entries 1, 2, 8, 11 (as respects Universities), 18, 23, 24, 26, 27, 30, 38, 40, 45, 46, 47, 48, 50, 51, 63 and 65 of the State List. Moreover, there is a general provision which enables the Administrator to refer any draft Bill, even though it may not come within the purview of the foregoing provisions, to the Central Government before its introduction in the Legislature. If such a reference is made, the advice of the Central Government is to be awaited before the Bill is actually introduced.

246. In connection with our proposals for amendment of Section 25 of the 1963 Act, we have already indicated that these provisions of the Rules of Business need to be amended. We feel that the interests of the Central Government will be adequately safeguarded if legislation on the following matters is undertaken with the prior approval of the Central Government, *viz.* :

- (a) official language of the Union Territory;
- (b) public order;
- (c) police;

- (d) matters which affect or are likely to affect the interests of any minority community, Scheduled Caste, Scheduled Tribe and Backward Class;
- (e) salaries and allowances of Ministers, Deputy Ministers, Speaker, Deputy Speaker and Members of the Legislative Assembly;
- (f) any matter which may ultimately necessitate additional financial assistance from the Central Government through :
  - (i) substantive expenditure from the Consolidated Fund of the Union Territory; or
  - (ii) the abandonment of revenue; or
  - (iii) lowering of tax rates.

Beyond these matters it will be competent for the Administration to undertake legislation without consultation with the Central Government, unless, of its own accord, it considers such consultation necessary. In relation to subjects included in the Concurrent List, however, prior concurrence of the Central Government is essential and it is so prescribed even in the case of State Governments.

247. *Other matters.* Apart from legislative proposals, there are a number of other subjects where it is mandatory to make a reference to the Central Government before issue of orders. Once a matter is so referred, action cannot be taken thereon except in accordance with the decision of the Central Government. It was represented to us that in this way in a wide range of subjects, the final decision rests with the Central Government. We have carefully considered the types of cases, which are at present referred to the Central Government to see whether any legitimate purpose is being served thereby. As a result of our examination we feel that there is considerable scope for enlarging the authority of the Union Territories. We, therefore, recommend that except for the following classes of cases, it shall not be necessary to make a reference to the Central Government in any other matter. *viz.*—

- (a) important cases which affect or are likely to affect the peace and tranquillity of the Union Territory;
- (b) cases which affect or are likely to affect the interests of any minority community, Scheduled Caste, Scheduled Tribe and Backward Class;
- (c) cases which affect the relations of the Central Government with any State Government, the Supreme Court or any High Court;
- (d) proposals for appointment to the post of Chief Secretary, Finance Secretary, Development Commissioner, Inspector General of Police, and the Chairman of the Services Selection Board (see paragraph 356);
- (e) proposals involving alteration in the essential features of an approved plan scheme; and
- (f) cases in which the Administrator does not have powers under the Delegation of Financial Powers Rules or other similar rules.



248. The net effect of this proposal will be that, except in key sectors, it shall not be necessary to seek the prior approval of the Central Government before issue of orders.

#### *Submission of Cases to the Administrator*

249. Although it has not been explicitly stated, the underlying purpose of the rules, which make it mandatory to submit to the Administrator specified classes of cases, is to enable him to supervise the actions of his Ministers. In as much as the Administrator has the power of differing with his Ministers, the submission of a case to him, in effect, means the seeking of his approval before issue of orders. These rules, we feel, vest far too much control in the Administrator. We, therefore, recommend that except for the following classes of cases, it shall not be mandatory to submit any case to the Administrator, viz.—

- (a) cases required to be referred to the Central Government under the Government of Union Territories Act, 1968 or the Rules of Business;
- (b) constitution of Advisory Boards under Section 8 of Preventive Detention Act, 1950;
- (c) cases pertaining to the Administrator's secretariat, personal establishment, etc.;
- (d) mercy petitions from persons under sentence of death; and
- (e) any departure from the Rules of Business which comes to the notice of the Chief Secretary or the Secretary of any Department.

250. There is one other matter; it is laid down in the Rules of Business that the Administrator may call for papers relating to any case in any Department, and such a request shall be complied with by the Secretary of the Department concerned. We concede that it is essential that the Administrator may continue to exercise this power, but it would be more appropriate if the requisitioned papers are sent to the Administrator through the Chief Minister. The reasons for this recommendation are obvious.

#### **Financial Delegations**

251. The delegation of financial powers to the Territorial Administrations is governed by the Delegation of Financial Powers Rules issued by the President under Article 77(3) of the Constitution. The Rules of Business also specify certain cases in the financial field in which prior reference has to be made to the Central Government for approval, e.g., certain types of contracts for purchase of goods or products, proposals regarding re-appropriation of funds, administrative approval to works, expenditure sanctions to schemes and creation of Class I posts. This duplication has led to unnecessary confusion. As an illustration, we may quote the recent orders enhancing financial powers of the Administrators in various items, e.g., administrative approval to works, expenditure sanctions of schemes, creation of posts, etc. While the D.F.P. Rules have been suitably amended, corresponding amendments have not been carried out in the Rules of Business. In other words, the revised provisions in the Delegation of Financial Powers Rules are inconsistent with

the restrictions imposed under the Rules of Business. We are sure that, in due course, this inconsistency will be removed by amending the Rules of Business, but we cannot see any advantage in specifying in the Rules of Business matters liable to frequent change. The present procedure of issuing two sets of amendments, one from the Finance Ministry amending the D.F.P. Rules and the other a Presidential Order from the Ministry of Home Affairs amending the Rules of Business, results in unnecessary duplication. We, therefore, recommend that matters which are dealt with under separate statutory rules, such as the D.F.P. Rules, need not be included in the Rules of Business.

### **Extent of Central Responsibility**

252. We have in an earlier section enunciated the basic principle which, in our view, should govern the relationship between the Central Government and the Union Territories. We have also proposed some changes in the Government of Union Territories Act, 1963, and the Rules of Business, which we considered essential. Within the framework of the constitutional responsibility of the Central Government *vis-a-vis* the administration of Union Territories, we have tried to ensure that the exercise of this responsibility does not jeopardize the autonomy of the Territorial Administrations. This has been made possible by confining Central responsibility to those areas, which we considered vital and leaving the Territorial Administrations to function, more or less, as autonomous units in the remaining areas. In this context, it will be appropriate if we clearly specify the areas of Central responsibility *vis-a-vis* the Union Territories so as to avoid confusion. Central responsibility, in our view, should extend to the following matters only, *viz.*—

- (i) official language of the Union Territories;
- (ii) peace and tranquillity in the Union Territories;
- (iii) police;
- (iv) the interests of any minority community, Scheduled Caste, Scheduled Tribe and Backward Class;
- (v) the annual plan and five year plans of the Territories; plan evaluation;
- (vi) the budget estimates of the Territories to the following extent :
  - (a) the Annual Financial Statement for the purpose of obtaining the approval of the President under the provisions of Section 27 of the Government of Union Territories Act, 1963;
  - (b) "really new items" of expenditure proposed for inclusion in the budget;
  - (c) broad review of "really new items" on the non-Plan side to ensure that they do not entail any additional liability on the Central Government;
  - (d) examination of proposals of re-appropriations from plan to non-plan items;
- (vii) overall management of the All India Services and appointments to "crucial" posts (see paragraphs 302 and 303);

- (viii) salaries and allowances of Ministers, Deputy Ministers, Speaker, Deputy Speaker and MLA;
- (ix) proposals entailing additional Central assistance on account of—
  - (a) substantive expenditure from the Consolidated Fund of Union Territory; or
  - (b) the abandonment of revenue; or
  - (c) lowering of tax rates; and
- (x) proposals for legislation in relation to (i), (ii), (iii), (iv) and (viii).

253. In the discharge of their responsibility in the areas specified above, the Central Government will have to depend to a large extent on the Administrators. While acting as agent of the Centre, it will, however, be necessary for the Administrator to remember that as head of the Territorial Administration it is also his duty to represent the views of his Administration before the Central Government. In many matters, therefore, it may be necessary for him to intercede on behalf of his Administration with the Central Government and use his influence to further the interests of the Territory.

#### Presidential Election

254. As pointed out earlier, the people of the Union Territories are unhappy at the exclusion of their MLAs from the electoral college for the Presidential election. Whatever view one may take of this grievance, it does not give the whole picture of the problem.

255. The present representation of the Union Territories of Delhi, Pradesh, Goa, Daman & Diu, Pondicherry, Manipur and Tripura, in the Lok Sabha is 20. If, however, they are given the actual representation to which they are entitled in accordance with the normal formula of one seat for a population of 8.75 lakhs (1961 census), they will be entitled to 10 seats. Similarly, in the Rajya Sabha, these Territories will be entitled to 8 instead of 9 seats, if the normal formula of one seat for every 10 lakhs for the first 50 lakhs and thereafter one seat for every 20 lakhs of population (1951 census) is adopted. The present representation of these Union Territories and the representation to which they are entitled in accordance with the normal formula is as under :—

Name of Territory	Existing Seats		Seats to which entitled	
	L.S.	R.S.	L.S.	R.S.
Delhi	7	3	3	2
Himachal Pradesh	6	3	3	2
Goa, Daman & Diu	2	—	1	1
Pondicherry	1	1	1	1
Manipur	2	1	1	1
Tripura	2	1	1	1
TOTAL	20	9	10	8

256. Under Article 55(2(a), an elected Member of a State Legislative Assembly has as many votes as there are multiples of one thousand in the quotient obtained by dividing the population of the State by the total number of the elected members of the Assembly. On this basis, if the members of the Legislative Assemblies of the Union Territories had the right to vote in the Presidential election, the following picture emerges :—

Name of the Union Territory	Population (1961 census)	No. of seats in Legis- lative Assembly (elected)	Value of each vote	Total value of votes
Delhi	2,658,612	56 (Metropo- litan Council)	47	2,632
Goa, Daman & Diu	626,978	30	21	630
Pondicherry	369,079	30	12	360
Himachal Pradesh	2,811,731	60	47	2,820
Manipur	780,037	30	26	780
Tripura	1,142,005	30	38	1,140
TOTAL		236		8,362

257. In the last Presidential election in 1967, the value of the vote of each Member of Parliament was 576. On this basis, the 29 MPs from the above Union Territories had a total vote of 16,704. However, if representation in Parliament had been limited to the scale applicable to the States, the 18 MPs from these Territories would have a total vote of 10,368. Ordinarily, the total votes of the MPs from a State should be equal to the total votes of MLAs from that State. On this basis, the votes of the MPs from these Territories should have been limited to 8,362, and had the members of the Territorial Assemblies been given the simultaneous right to vote, the total votes from these Union Territories would have been 16,724 only. The actual number of votes available to them at present is 16,704.

258. It is obvious, therefore, that the Union Territories are not at any disadvantage in comparison to the States. What they have lost by a denial of votes to the members of their Legislative Assemblies (Metropolitan Council in Delhi), they have gained on account of the additional weightage they enjoy in the matter of representation in Parliament. Although this position is unassailable on legal ground, we feel that there is something more to this problem than a mere mathematical calculation of votes. Having created Legislative Assemblies, with functions more or less similar to their counterparts in the States, it is not unneutral for the Territorial MLAs to suffer from a sense of grievance at the denial to them of the vote in the Presidential election. It is no consolation to them that the denial of the vote in their case has been compensated by giving a greater number of votes to the MPs; the fact remains that the MLAs cannot participate in the Presidential election.

259. We appreciate that any proposal to give the MLAs a vote in the Presidential election will have to be accompanied by a reduction in the representation of the Union Territories in Parliament to the normal level; otherwise,

the weightage in their favour will be overwhelming. Any such consideration should not, in our view, stand in the way of giving the Territorial MLAs what is their due; in any case, the Union Territories' representation in Parliament is disproportionate to their populations. When their MLAs are MLAs for every other purpose, they should also be given this privilege. In the context of our proposals for "Working Statehood" also, it appears necessary to concede this demand; otherwise there will be a significant difference between the MLAs of Union Territories and those of the States.

## CHAPTER II

### REFORMS—ADMINISTRATIVE

260. Having dealt with the problems of autonomy in relation to the Union Territories with Legislatures, we may now pass on to administrative matters. In this Chapter, we will deal with administrative problems at various levels commencing from the Union Home Ministry down to the districts in the Union Territories.

#### **Union Home Ministry**

261. In our discussions with various people connected with the administration of Union Territories, we gathered the impression that there is considerable support for the creation of a separate Department exclusively in charge of Union Territories. It is mainly from non-officials that we heard this suggestion. They pointed out that the Home Ministry is in overall charge of the Union Territories, but this does not oust the responsibility of the administrative Ministries in their respective subjects; consequently references from the Union Territories go directly to such Ministries for final orders. They complained that this arrangement is slow, dilatory and the results are not always satisfactory. The administrative Ministries are already pre-occupied with problems of national importance and they tend to ignore the relatively minor problems of the Union Territories. Even though the Home Ministry uses its good offices to expedite matters, the administrative Ministries accord low priority to matters relating to Union Territories. Another disadvantage pointed out in this arrangement is that the administrative Ministries have inadequate experience of local conditions in Union Territories, and in the absence of such experience, their policies tend to be unrealistic. The Himachal Pradesh Administration pointed out that the insistence by a particular Ministry on the implementation of some Centrally sponsored schemes, even though they were unsuited to local conditions, had resulted in considerable infructuous expenditure. The Home Ministry alone has adequate experience of local conditions, but it does not always get an opportunity to express its views. In this context, therefore, it was suggested that a separate Department responsible for the administration of the Union Territories in its totality is the only solution.

262. The Estimates Committee in its 58th Report, which dealt with the administration of Union Territories, also made a somewhat similar recommendation. It recommended as follows :

“The Committee are of the view that the Ministry of Home Affairs, with its enormous responsibilities, such as law and order, public services, Zonal Councils, matters relating to High Courts and Supreme Court, etc. may not be able to devote the special attention and care that the Union Territories require. In order to ensure this and also to see that the above principles are fully observed, the Committee suggest that it would be desirable to place the subject: ‘Administration of Union Territories’ in charge of a separate Minister.” (Paragraph 7).

263. A Study Team appointed by the Administrative Reforms Commission to examine and make suggestions for reform in the machinery of

Government of India also considered the role of the Home Ministry *vis-a-vis* the Union Territories. It recommended that the work connected with the Union Territories should be handed through a separate Department of Union Territories located in the Home Ministry, and in this respect they have supported the proposal of the Estimates Committee. In regard to the new Department they have suggested that it "... should function as a kind of nodal agency in regard to the work of Union Territories, focussing attention on fundamental matters like the financial resources of the Union Territories, their personnel administration, and generally the efficiency of the total administrative process in these Territories." The reasons they have advanced in support of their proposals are firstly, that the dispersal of tasks between the Home Ministry and the functional Ministries blurs responsibility and prevents an over-all view being taken of all the problems of each Territory from a single point; and secondly, that the work of Union Territories in the functional Ministries is a small part of their main work and tends to receive low priority. This proposal has also been commended to us in the report of the Special Study on the Himachal Pradesh Administration conducted by the Department of Administrative Reforms, Ministry of Home Affairs.

264. It will be noticed that the reasons advanced in support of a separate Ministry or Department in charge of Union Territories by the Estimates Committee, the Study Team on the Machinery of the Government of India appointed by the Administrative Reforms Commission and various people interviewed by us, are more or less, the same. As against this, our attention has been drawn to the reply given by the Union Government to the Estimates Committee, wherein they have pointed out the disadvantages of a separate Ministry in charge of Union Territories; these are summarised below :

- (a) Even if a separate Ministry for Union Territories is created, it cannot function in exclusion of other administrative Ministries unless duplicate expert agencies are provided within its own fold. Such duplication will not only be uneconomic, but is unlikely to lead to greater efficiency.
- (b) Establishment of a new Ministry will not dispense with the need for coordination (a function performed by the Home Ministry) or reference to and approval of other Ministries, nor will this Ministry be able to take over the responsibility of the Home Ministry in the fields of law and order welfare of Scheduled Castes and Scheduled Tribes, etc.
- (c) The new Ministry will not be able to absorb the functions of the Home Ministry, and even if it is given the functions of coordination, it will be hardly better placed than the Home Ministry in this respect. On the other hand it may lead to overlapping and duplication with little ultimate improvement in the administration of the Territories.

On the above considerations, the Union Government suggested that the Home Ministry could meet, in substance, the requirements which the Estimates Committee had in view in suggesting the appointment of a separate Minister for Union Territories. The recommendation of the Estimates Committee and the reply of the Union Government are at Appendix VII). The Estimates Committee accented this reply and, thereby, virtually endorsed the existing arrangements in the Central Government for the administration of the Union Territories.

265. We have given careful thought to this matter, and while we concede that there are some advantages in a separate Ministry or Department for Union Territories, the disadvantages are likely to outweigh the advantages. The only way in which the new Ministry can be made fully responsible for the administration of Union Territories is through the duplication of expert agencies within the Ministry itself. Apart from the economy aspects of this proposition, the level of expert assistance that will thus become available to this Ministry can never compare in technical competence to the administrative Ministries. While, therefore, quicker disposal of work will be a distinct gain, it will be at the cost of quality. In the long run, this may prove harmful. Moreover, a whole-time Minister in charge of Union Territories will tend to take too much interest in the day-to-day administration of the Territories, and this may lead to conflicts with the popular governments now functioning there. We are, therefore, not in favour of a separate Ministry or Department for Union Territories.

266. Though we do not favour the creation of a separate Ministry or Department for Union Territories, we feel that there is scope for strengthening the organisation of that part of the Home Ministry which deals with Union Territories. An Additional Secretary in this Ministry is in charge of work relating to the Union Territories. From 1964 to 1967, however, a full-fledged Secretary was looking after this work. This arrangement was temporary and was not based on a need to upgrade the post. On an objective assessment of the role of this officer, however, we feel that there will be considerable advantage if the post of Additional Secretary is upgraded to that of Secretary. An officer of the rank of Secretary will be in a better position to deal with the Governor of Assam, the Lt. Governors of Delhi, Himachal Pradesh, Goa and Pondicherry, the Chief Executive Councillor of Delhi and the Chief Ministers of five Territories. There will be a similar advantage in dealing with his counterparts in the other Ministries in the Central Government. We consider this factor of sufficient importance to recommend the appointment of a full-fledged Secretary in the Home Ministry to be in charge of the work relating to the Union Territories.

### **Role of Home Ministry**

267. As we have already pointed out, under the Government of India (Allocation of Business) Rules, the responsibility for each activity in the Union Territories vests with the functional Ministries of the Centre. The responsibility for residuary items, however, resides in the Home Ministry. Planning and coordination for the Union Territories do not figure as items in the Allocation of Business Rules. In fact, planning is split among the functional Ministries, while coordination as a function has not been assigned to any Ministry at all. It will be evident that in this arrangement responsibility for the administration of Union Territories is dispersed and no particular agency has been charged specifically with the responsibility of coordination. It is in this context that the demand for a self-contained Ministry for the Union Territories has relevance. We have, in the foregoing paragraphs, ruled out the creation of such a Ministry, but this does not do away with the need for effective arrangements for coordination. Without this, it will not be possible to take an integrated view of various activities, particularly developmental, in the Union Territories.



268. This coordinating role, in our view, can best be discharged by the Ministry of Home Affairs. It is, in fact, already undertaking this task in a limited sense even though it has not been specifically entrusted to it under the Allocation of Business Rules. While the Home Ministry co-ordinates the framing of Territorial budgets, in the sphere of planning it is unable to act as a coordinator. The only place in the Centre where an integrated view of the development plans of the Union Territories can be had, is in the Planning Commission and even though a representative of the Ministry of Home Affairs is present when officers of the Union Territories meet the Planning Commission, the coordinating role belongs to the Planning Commission and to the Home Ministry. In this arrangement the Union Territories are the losers. They do not have the same standing as a State or a Central Ministry; hence, they are denied a fair opportunity of assessment of their needs and priorities before their case is discussed with the Planning Commission. It has, therefore, been suggested to us that not only for the sake of the Union Territories, but also for the adequate discharge of Presidential responsibility, the Home Ministry should be assigned the role of looking into and associating with the plans of the Union Territories, their formulation, implementation and evaluation. This can be achieved by assigning the role of coordinator and over-all planner to the Ministry of Home Affairs by making a formal amendment in the Allocation of Business Rules. We agree that there will be distinct advantages in this arrangement and we accordingly recommend that it be adopted.

#### **Organisation of Work in Home Ministry**

269. There are two aspects of the organisation of work relating to Union Territories in the Home Ministry which require consideration. Firstly, we feel that the Deputy Financial Adviser, who is burdened with the work of the whole Ministry, cannot devote adequate attention to the Financial aspects of the administration of Union Territories. Secondly, apart from the Additional Secretary, there is no focal point in the Ministry from which an over all view can be had of the functioning of the total administrative process in the Territories.

270. Because of his preoccupation with routine work of the Ministry as a whole, the Deputy Financial Adviser cannot devote attention to such crucial matters as methods for mobilisation of additional resources, budgetary trends, economies in staff and other expenditure, rationalisation of financial procedures, review of financial delegations and a number of other aspects of financial administration in the Union Territories. We feel that these tasks can only be performed by an officer of sufficient status devoting his whole-time attention to Union Territories. Moreover, the second requirement we have mentioned in the previous paragraph can also be satisfied if this officer is given the additional task of coordinating the financial, administrative and legislative aspects of the Home Ministry's responsibilities in relation to the Union Territories. This can be achieved by routing the work emanating from all sections of the Ministry dealing with each of these aspects, through this officer. His place in the hierarchy will be above the Deputy Secretaries and below the Joint Secretaries. In view of the duties we envisage for this officer, his status must be that of Director (Rs. 1800-2000). In order that this officer can discharge the functions we envisage, it is essential that he is sufficiently experienced, both in the field of administration and finance. These qualifications will have to be kept in view in making postings. Appropriately he can be designated as Director of Finance & Coordination.

271. In examining the problems of Himachal Pradesh Administration, the Department of Administrative Reforms in their Special Study of that Union Territory, have pointed out that the existing distribution of work in the Home Ministry is partly on territorial and partly on functional lines; in some instances, an officer has been given both functional as well as territorial responsibilities. In an earlier Chapter we have described the existing distribution of work in the Home Ministry. While a wholly functional or territorial distribution may not be practicable, it has been suggested that the distribution of functions in the Home Ministry can be further streamlined with more emphasis on a territorial distribution; territorial and functional responsibilities should be separated as completely as possible.

272. In relation to Himachal Pradesh it has been recommended that there should be a separate Deputy Secretary earmarked for this Territory. He will be responsible for coordinating the work of functional Ministries and for overall responsibility for all matters concerning Himachal Pradesh. As this proposal will have its repercussions on the remaining parts of the Union Territory of the Home Ministry, it will lead to a further division along the territorial lines. Keeping this in mind, the following principles have been recommended for reorganising the work of the Home Ministry :

(i) The various items of work relating to the Union Territories should be classified into two groups :

- (a) the first consisting of items involving a substantial measure of commonality between various Union Territories and requiring for their effective performance, subject matter expertise or specialised knowledge of the techniques involved, e.g. financial advice, budgetary analysis, legislation, personnel management, etc.; and
- (b) the second consisting of work particular to individual Union Territories, e.g., formulation and evaluation of plans, financial matters, etc.

The subjects in the first group lend themselves to centralised treatment on a functional basis, while those in the latter call for treatment on a territorial basis.

(ii) In relation to category (a), a separate service Cell will be required for each of the following kinds of work :

- (1) Policy and Coordination (including legislation);
- (2) Finance;
- (3) Personnel.

The Policy and Coordination Cell will deal with over-all monitoring and policy which may be common to the Union Territories, e.g. the role of the Administrator, Rules of Business, legislative matters etc. Centralised processing of such cases will not preclude consultation with the territorial cells.

The Finance Cell will deal with matters pertaining to financial advice and scrutiny and consolidation of budgets. Budget proposals will be received in the territorial cell concerned and with its comments will be passed on for scrutiny

to the Finance Cell. The rôle of plan coordination as between different Union Territories will also be discharged by this Cell.

The Personnel Cell will deal with common cadres, deputations, etc.

- (iii) Regarding work mentioned at category (b), it should be handled by territorial desks which may deal with one or more Union Territories. The work can be distributed as under :

1. Delhi and Chandigarh.
2. Himachal Pradesh.
3. Manipur and Tripura.
4. Goa, Daman & Diu, Pondicherry and Dadra & Nagar-Haveli.
5. Andaman & Nicobar Islands and Laccadive, Minicoy & Amindivi Islands.

273. We have carefully considered these recommendations. While we agree that territorial and functional responsibilities should be separated to the maximum extent possible, we feel that this can be achieved without much disturbance of the existing arrangements in the Home Ministry. Moreover, in the arrangements visualised in the Report of the Special Study, there will be need for eight officers (either Deputy Secretaries or Under Secretaries) to head the three service cells and the five territorial desks. In this arrangement, the North East Frontier Agency has not been taken into account. In actual practice, therefore, nine officers will be required. In our view, it is possible to organise the work in the Union Territories Wing so as to observe the principles of territorial and functional distribution and at the same time, economise in the number of officers required for various cells or desks. Moreover, we fear that the officers in charge of the territorial desks, according to the above arrangements, may not have sufficient work to occupy them for a full day.

274. In our view the three service cells should be organised in the following manner :

- (i) *Finance Cell*.—The present Accounts Sections, the Planning Cell and Finance Section, which are under the Deputy Financial Adviser, will together constitute the Finance Cell. This Cell shall be directly under the Director of Finance & Coordination, who will now replace the Deputy Financial Adviser.
- (ii) *Policy & Coordination Cell*.—The work envisaged for this Cell is, to a large extent, already performed in the Legislative Section. There should not be any difficulty in redefining the work allotted to this Section so as to include all aspects of policy and coordination. As at present, this Cell will continue under the Deputy Secretary who deals with Union Territories legislation. He can, if necessary, be redesignated as Deputy Secretary, Policy & Coordination.
- (iii) *Personnel Cell*.—At present, all work relating to the Services in the Union Territories is dealt with by the Deputy Secretary in charge of Delhi and Chandigarh. We feel that in view of

the increasing work load relating to the Union Territories cadres of the I.A.S., I.P.S., Indian Forest Service, the DHANI Services, the Civil and Police Service of other Union Territories, the Judicial Services, etc., there is need for a separate Deputy Secretary for this work. The Personnel Cell may, therefore, be placed in the charge of a separate Deputy Secretary.

275. As for the Territorial desks, we suggest that they should be organised in the following manner :

- (a) Delhi, Chandigarh, Andaman & Nicobar Islands, and Laccadive, Minicoy & Amindivi Islands.
- (b) Himachal Pradesh, Goa, Daman & Diu, Pondicherry, Manipur, Tripura, and Dadra & Nagar-Haveli.
- (c) North East Frontier Agency.

At present, the Deputy Secretary in charge of Delhi and Chandigarh also looks after Services. In accordance with our recommendations in the foregoing paragraph, Services will now be the exclusive responsibility of a separate Deputy Secretary. Hence, the Deputy Secretary, Delhi and Chandigarh can, without any difficulty, be given the additional charge of the two Island Territories. As this will also mean a reduction in the work load of the Deputy Secretary presently in charge of the five Union Territories with Legislatures, Dadra & Nagar-Haveli and the two Island Territories, it will be possible to take away his Under Secretary. The post of Under Secretary, which will thus become surplus, can be upgraded to that of Deputy Secretary in charge of Services. In these arrangements, no additional post will be required.

276. We feel that there will be some advantage if in choosing officers for manning posts of Deputy Secretaries and above in the Union Territories Wing of the Home Ministry, preference is given to officers from the Union Territories cadre of the IAS. Their local knowledge of the Union Territories will be useful, particularly for the territorial desks.

#### **Inter-Ministerial Reference**

277. We heard many complaints of delay and indifference on the part of administration Ministries on references made to them by the Union Territories. Although, constant efforts are made by the Home Ministry to expedite disposal, progress is not always satisfactory. We feel, that a solution to this problem can be found by earmarking specific officers in the administrative Ministries to deal exclusively with cases coming from Union Territories. If officers of appropriate status are chosen for this purpose and they are solely in charge of work concerning Union Territories, it will result in speedier disposal of references from the Union Territories. These arrangements need only be made in those technical fields where references are frequent and important schemes are under implementation. We suggest that officers of the Departments and status shown below should be earmarked exclusively to deal with matters concerning Union Territories :

- (a) Additional Chief Engineer, CPWD.
- \*(b) Director of Irrigation & Power.

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\*Recently, this officer has been earmarked for the Union Territories.

(c) Chief Conservator of Forests.

(d) Assistant Director General of Health Services.

278. In our recommendations on the legislative powers of the Territorial Legislatures, we have visualised that the Union Territories will be virtually autonomous and that there will be few occasions to seek the approval of the Centre before initiating legislative measures in the Legislative Assembly. However, in view of the comparatively low standard of drafting ability in the Legal Departments of the Union Territories, we expect that they will soon appreciate the advantages of consulting the Union Law Ministry in respect of legislative measures they propose to introduce in the Assembly. It will, therefore, be appropriate if a Joint Secretary in the Law Ministry with necessary supporting staff is earmarked for this purpose. The Union Territories can approach him directly for consultation, both with regard to Bills and other important legal matters. This officer will also cater to the needs of the Union Territories' Wing of the Home Ministry.

279. While the above arrangements will take care of a majority of the references coming from the Union Territories on technical matters, there are other Ministries which are also involved in some aspect or other of the administration of Union Territories e.g. the Education Ministry, the Ministry of Food & Agriculture, etc. In respect of these Ministries, we feel, that it would be of assistance if an officer (not below the rank of a Deputy Secretary) is nominated to coordinate all matters concerning Union Territories. The name of this officer should be intimated, both to the Home Ministry and each Union Territory. If there is need to expedite any pending matter, the Home Ministry or the Union Territory will contact this officer for assistance.

### **The Administrator**

280. We have already pointed out that in the matter of designations, status, qualifications etc. of Administrators of Union Territories, there is no uniformity. While it may be argued that what really matter are the functions, responsibilities and powers attached to the post of Administrator, rather than its designation and status, we feel that at least in the Union Territories with Legislatures there is considerable advantage in uniformity. As we have pointed out, the people of Manipur and Tripura feel that they are being treated unfairly in the matter of their Administrators, who are designated as Chief Commissioner, while those of three other Union Territories with Legislatures, enjoy the designation of Lt. Governor. They pointed out that this is unjustified, when problems faced by them are much graver than those faced by more settled Territories like Pondicherry and Goa.

281. In our view, all five Union Territories with Legislatures and Delhi should have Administrators uniformly designated as Lt. Governors. We do not think that Administrators of the rank of Joint Secretaries in the Centre now provided in Manipur and Tripura, can do full justice to the role we visualise for this functionary. It is essential that in relation to their administrative responsibilities, the Councils of Ministers in the Union Territories should have the benefit of the mature advice and guidance of an experienced and knowledgeable person, which can only become available if the posts are upgraded to that of Lt. Governor. In the other

Territories, except Dadra & Nagar-Haveli, the Administrator should be designated as Chief Commissioner. In the case of Dadra & Nagar-Haveli, the present arrangements can continue; in other words, the Lt. Governor of Goa, Daman & Diu will be designated as Administrator for this Territory.

282. We may point out that the Estimates Committee in their Fifty Eighth Report dealing with the administration of Union Territories also stressed the need for uniformity in this matter (paragraph 12). But the Union Government explained that the general policy was to designate the Administrator as Chief Commissioner; only two departures had been made from this policy, one in the case of Himachal Pradesh where there was a Lt. Governor and the other in the case of the Laccadive, Minicoy & Amindivi Islands where there was an Administrator. The Estimates Committee accepted this explanation. In our view, however, the position has changed considerably since then. Even if there cannot be absolute uniformity, there must be some rational basis for designating the Administrators and this, we feel, should be in accordance with our recommendations in the foregoing paragraphs.

283. As for the status of the Administrators, this must follow the pattern recommended for their designations. The pay and status of the Lt. Governors should, as a general rule, be the same as that of the present Lt. Governors of Delhi, Himachal Pradesh, Goa, Daman & Diu, and Pondicherry. Except for the Chief Commissioner of the Laccadive, Minicoy & Amindivi Islands, the other two Chief Commissioners, viz., the Chief Commissioners of the Andaman & Nicobar Islands and Chandigarh, should be equivalent in status to Joint Secretaries in the Central Government. Considering the size of the Territory and nature of problems, it will suffice if the Chief Commissioner of the Laccadive, Minicoy & Amindivi Islands is equivalent to a Director in the Central Government.

284. Regarding the qualifications of Administrators, the most important factor to be kept in mind is that the duties and responsibilities of this post require considerable administrative experience, particularly experience of territorial administration. Moreover, there is need to nurture and guide the Ministers in some of the Territories. While our intention is not to preclude the appointment of a suitable person from any walk of life, we feel that the requirements of the posts are such that experienced civil servants or other persons with wide experience of civil administration would be the most suitable.

### The Secretariat

285. *Chief Secretary.*—We have already pointed out that there are Chief Secretaries of varying status in all Union Territories except Chandigarh, Dadra & Nagar-Haveli and the Laccadive, Minicoy & Amindivi Islands. In NEFA, while there is no Chief Secretary, the Adviser to the Governor, in many respects, combines in himself the functions of this office.

286. The Chief Secretary, as head of the secretariat organisation, acts as chief adviser to the Administration. He not only provides guidance and leadership to the staff employed in the secretariat but to the services in general. If there is a Council of Ministers, he functions as Cabinet Secretary. His most important role is to secure co-ordination and unity of purpose in the governmental machinery.

287. In small Administrations like those in Chandigarh, Dadra & Nagar-Haveli, and the Laccadive, Minicoy & Amindivi Islands, there is no need for a Chief Secretary; the functions of this office can be performed by the Administrator himself. In the larger Administrations, however, particularly where there is a Council of Ministers, a Chief Secretary is essential. There are two factors which are of relevance in deciding the status of the Chief Secretary in any of these Administrations. Firstly, it must be remembered that the problems faced by the Union Territories are essentially the same as those which come up before a State Government, although in magnitude they may be somewhat smaller. And secondly, the stage of political and administrative development in the Territories is such that the Ministries require the assistance and advice of an experienced and adequately qualified Chief Secretary. Both these factors point to the need for a Chief Secretary of sufficiently high status and experience. While the appointment of junior officers to this post may lead to some economy in expenditure but in the long run, it will only result in reduction in efficiency. Apparently, there is a recognition of this fact even in the States, where posts of Chief Secretaries have been upgraded and made equivalent to an Additional Secretary in the Central Government.

288. On the above considerations, and keeping in view the nature of problems faced by each Union Territory, we give below our recommendations regarding the status of Chief Secretaries in the Union Territories :

1. Delhi						
2. Himachal Pradesh						
3. Goa, Daman & Diu						
4. Manipur						
5. Tripura						
6. Pondicherry						Director.
7. Andaman & Nicobar Islands						Deputy Secretary.
8. Chandigarh						
9. Dadra & Nagar Haveli						
10. Laccadive, Minicoy & Amindivi Islands						

Joint Secretary in the  
Central Government.

Director.

Deputy Secretary.

No Chief Secretary.

289. As for NEFA, there does not appear to be any need for a separate Chief Secretary. The Adviser to the Governor performs the functions of this office, and this arrangement appears to be quite satisfactory.

290. *Secretaries.*—The arguments we have given for deciding the status of the Chief Secretary also apply generally to the Secretaries. There is no point in having a large number of junior and inexperienced Secretaries, because they cannot do justice to their duties. The low level of secretariat advice, at present available to a Territorial Ministry, is one of the reasons for the inefficiency which appears to prevail in the Territorial Administrations. From representatives of the Central Government we heard complaints that proposals received from the Territorial Administrations are often incomplete and improperly drawn up, and as a consequence there is considerable delay in back-tracking. From Administrators we heard the complaint that the Secretaries, although their number is large, are hardly in a position to tender proper advice to their Ministers. The cumulative effect of this situation is an avoidable increase in inefficiency. We, therefore, feel that there will be considerable advantage in appointing a smaller number of senior and experienced Secretaries in each Administration instead of the present pattern of a large number of inexperienced officers of

low status. The actual number of Secretaries to be appointed in each Union Territory should be as under :

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| 1. Himachal Pradesh                              | Four Secretaries one of whom may function as Development Commissioner.   |
| 2. Delhi, Goa, Daman & Diu, Manipur and Tripura. | Three Secretaries, one of whom may function as Development Commissioner. |
| 3. Pondicherry                                   | Two Secretaries.   |
| 4. Other Union Territories                       | The present position may continue.                                       |

In the case of NEFA, this question has been considered in Chapter VII of Part IV.

291. The status of the Secretaries and Development Commissioners, mentioned in Sl. Nos. 1, 2 and 3 above, should be equivalent to a Deputy Secretary in the Central Government. Inasmuch as these posts are now included in the Union Territories cadre of the IAS, equivalence to a Deputy Secretary will mean an officer with a *minimum* of nine years service; in actual practice, however, even more senior officers will gradually become available. This will be a vast improvement over the present situation where, as a general rule, Secretaries are equivalent to Under Secretaries in the Central Government. There are several instances of officers with only 5-6 years service being posted as Secretaries, which is hardly adequate. As the crux of our recommendation lies in insisting on a minimum of nine years of service, the Central Government will have to ensure that no relaxation is allowed. If officers of sufficient seniority are not available in the Union Territories cadre of the IAS, there should be no hesitation in obtaining suitable officers on deputation from the States.

292. In the case of the Andaman & Nicobar Islands, the status of the Finance Secretary is lower than that of an IAS Under Secretary in the Central Government. We feel that the special pay attached to this post should be increased to Rs. 200 per month so as to bring it on par with an Under Secretary.

293. The Secretaries may be given appropriate assistance at the level of Deputy Secretaries and Under Secretaries; this will entail an assessment of the work load of each Secretary's charge. The special pay attached to the post of Deputy Secretary may be fixed at Rs. 150 and that of Under Secretary at Rs. 100 per month.

294. *Distribution of work.*—We concede that there may be some initial difficulty in distributing the entire work of the secretariat between the Chief Secretary and Secretaries as indicated above. There may be no objection, therefore, in conferring *ex-officio* secretariat status on one or more principal Heads of Departments such as the Principal Engineer, Director of Education, Chief Conservator of Forests/Conservator of Forests, etc. as a temporary measure till the distribution of work is properly organised. As a general rule, however, we are not in favour of this system. Experience has shown that there are many disadvantages in this arrangement.

295. Himachal Pradesh for one introduced this system but is now vehement in its opposition to the merger of the secretariat functions in the head of the executive agency. The Administration have, therefore, been pressing for its abolition. In their evidence before us, the demand for the abolition of the system of *ex-officio* Secretaries was near-unanimous and voiced not only by senior officers, but also by Ministers and legislators.



296. The pros and cons of the system are well-known and do not need elaborate recapitulation. The main argument advanced in favour of the system of *ex-officio* Secretaries is that it eliminates the time-consuming and unproductive examination by generalist staff of proposals submitted by highly qualified technical Heads of Departments and thereby results in greater speed in disposal of government business. The main arguments against this system are :—

- (i) that it blurs the line of demarcation between policy-making and execution, which may result in short term considerations, associated with day-to-day problems of execution, overwhelming the long term aspects of policy-making;
- (ii) that it deprives the government of a broader scrutiny of policy proposals in the national perspective, which is essential from the point of view of the government and cannot be provided by the Heads of Departments; and
- (iii) that it does not provide a second opinion, which is both objective and uninvolved, in important cases.

297. We do not feel called upon to pronounce judgment on the merits or demerits of this system, but we feel that in the present state of administrative development in the Union Territories, particularly the comparative inexperience of their Ministries, there is need for separate Secretaries. But as we have pointed out, as a temporary measure, there may be no objection in conferring secretariat status on some important heads of departments till a proper work distribution can be worked out.

298. Keeping in view the above considerations, we have worked out the grouping of subjects into Secretaries' charges for Himachal Pradesh where we have recommended a Chief Secretary and four Secretaries, one of whom will function as Development Commissioner; for Delhi, Goa, Daman & Diu, Manipur and Tripura where we have recommended a Chief Secretary and three Secretaries one of whom will function as Development Commissioner; and for Pondicherry where we have recommended two Secretaries only. Our proposals have been discussed in the relevant Chapters on each Union Territory in Part IV of this Report.

299. *Officer Orientation.*—Studies have shown that noting at the clerical levels, although voluminous and time-consuming, does not really contribute to the ultimate decision. If, therefore, a reference is put up directly to officer levels, it can be disposed of in much less time and without any difference in the quality of the final order. This is the basis of the system of "Officer Orientation" now being tried out in the Government of India and some State Governments. We feel that Secretariats in the Union Territories are in an advantageous position to introduce this system, at least, on an experimental basis in some departments. In a small compact Administration where officers often have personal knowledge of many problems coming up to the secretariat for orders, the system of "Officer Orientation" can be introduced without much difficulty.

#### *Role of Chief Secretary*

300. In the Report of the Special Study on the Himachal Pradesh Administration, several recommendations have been made in relation to the role

of the Chief Secretary. We feel that these recommendations can be adopted with advantage in the other Union Territories with Legislatures. These recommendations are summarised below :

- (i) The Rules of Business should require that all cases requiring submission to the Council of Ministers should be routed through the Chief Secretary in his capacity as Secretary to the Council and empower him : (a) to return incomplete cases, and (b) to examine any case to point out to the Chief Minister the precise implications of the proposals made therein before it is discussed in the meeting.
- (ii) A copy of the weekly statement of important cases disposed of in a department, which is at present submitted to the Administrator and to the Chief Minister under the Rules of Business should also be sent to the Chief Secretary.
- (iii) Important communications received from the Government of India and required to be shown to the Chief Minister and the Administrator under rule 23 of the Rules of Business should be routed through the Chief Secretary.
- (iv) A convention should be established whereby cases involving differences of opinion between two or more departments are reported by the Secretary concerned to the Chief Secretary at as early a stage as possible so that the latter's good offices should be available for removal of difficulties through informal consultation at administrative level.
- (v) All cases of appointment and transfers of heads of departments should be routed to the Chief Minister through the Chief Secretary.
- (vi) The Chief Secretary should keep a supervisory eye on the efficient working of the various departments.

301. In addition to what has been stated above, there are two other aspects of the role of the Chief Secretary which we may consider here. Firstly, we have already emphasised the need for a senior and experienced officer to function as Chief Secretary in the context of the poor administrative development of the Union Territories. In order that the Chief Secretary can fulfil his role effectively, he should be empowered to call for any pending file and submit it to the concerned Minister and Chief Minister with his comments. Secondly, the Chief Secretary should be empowered to record his opinion on the confidential reports of all Secretaries and Heads of Departments in the Administration. Both these steps will, in our view, strengthen the hands of the Chief Secretary and thereby assist him in fulfilling the pivotal role we envisage for him.

#### *"Crucial" Posts*

302. In order to ensure optimum administrative efficiency in the Territorial Administrations, the proper manning of certain "crucial" posts is of considerable importance. These are the posts of Chief Secretary, Finance Secretary, Development Commissioner, Inspector General of Police and Chairman of the Services Selection Board (a new post recommended by us):

In view of their importance, it is essential that a most careful selection is made before filling any of these posts. In our view, this task should be entrusted to the Home Ministry, which is in the best position to choose the most suitable person from amongst officers of the Union Territories cadres or through deputation from other States. It is in this context that we have provided in the Rules of Business that it will be mandatory to refer to the Centre proposals for appointments to such "crucial" posts. Even in the matter of filling short term vacancies, it will be best to leave it to the Home Ministry to make the most suitable arrangements either through local adjustments or some other method.

303. For the post of Finance Secretary in particular, we feel that the Central Government will have to pay special attention. Our recommendations on financial administration will have considerable impact on the Finance Departments in the Union Territories. In fact, the success of the arrangements envisaged by us will, to a large extent, depend on the ability of the Finance Secretary. In this context, therefore, the choice of the officer for the post of Finance Secretary assumes considerable importance. We suggest that in making this appointment, the Home Ministry will do well to consult the Ministry of Finance. If an officer with sufficient experience of financial administration is not available in the Union Territories cadre of the IAS, there should be no hesitation in obtaining a suitable person from other State cadres. Alternatively, the Home Ministry can depute young officers from the Union Territories cadre to the Finance Ministry for training. They can be posted as Under Secretaries/Deputy Secretaries in the Finance Ministry against Central deputation quota posts and in due course, as they gain in experience, they can be sent to the Union Territories. Either of these courses will ensure the availability of adequately trained officers for postings as Finance Secretaries.

#### *Arrangements for Planning*

304. In their examination of the arrangements for planning in the Himachal Pradesh Administration, the Special Study conducted by the Department of Administrative Reforms has come to the conclusion that there are serious drawbacks in the existing arrangements, both in the internal procedures and set-up in the Union Territory and in the procedures governing its relationship in this sphere with the Government of India. In the set-up in the Union Territory the foremost drawback is that the Planning Department is not properly located. Its location with the Development Commissioner, who is the executive head of a field department and Secretary for some other departments, comes in the way of an objective assessment of inter-sectoral priorities. Secondly, it is inadequately staffed and is unable to employ proper techniques for the preparation of the Five Year Plans and Annual Plans. Thirdly, the higher institutions of planning, viz., the State Planning Committee and the State Planning Board hardly function at all. The Special Study has emphasised that there is no coordination between the finalising of budget estimates and formulation of the annual plan. Provisions for Plan schemes finally included in the budget differ widely from the outlays approved in the Annual Plans. Moreover, in many cases, financial and physical targets are unrealistic. In this context, therefore, several recommendations have been made for strengthening the arrangements of planning in the Himachal Pradesh Administration.

305. On a careful consideration of these recommendations, we feel that the principles underlying them can be generally adopted for the other Union Territories with suitable modifications to suit local conditions. The main recommendations are summarised below :

- (i) The Planning Department should not only give proper attention to the over all aspects of planning but also oversee correct formulation of departmental plans by individual departments. It should also delve into departmental details to effect the required dovetailing and coordination and ensure that the broad targets set will be adhered to.
- (ii) To enable the Planning Department to discharge the above functions, it should be located at a point prestigious enough to be effective, i.e. under the Chief Secretary.
- (iii) The Department will also be responsible for taking the initiative in convening meetings of the Planning Committee and the Planning and Development Advisory Board and servicing them, for assessing the needs and resources of the Territory, for laying down targets and determining inter-sectoral priorities and for the necessary coordination.
- (iv) The Planning Department should undertake a systematic enquiry into the major programmes of all departments to evaluate their progress and worthwhileness, with the assistance of programme agencies concerned.
- (v) The Chief Secretary as the Secretary in charge of Planning will need suitable assistance with some supporting staff headed by an Under Secretary or a Senior Analyst. The Directorate of Economics and Statistics should be placed under the Chief Secretary.
- (vi) A small evaluation unit to attend to the evaluation of Plan programmes should also be attached to the Chief Secretary.
- (vii) Until such time as the various departments (including the Planning Department) of the Union Territories Administrations develop sufficient technical competence, proposals for including new schemes in the Plan should continue to require the approval of the administrative Ministries concerned and the Planning Commission.

#### *Arrangements for Administrative Reforms*

306. Except for Himachal Pradesh, Tripura, Delhi and NEFA there are no arrangements for administrative reforms in any of the other Union Territories. Even in those Territories where such arrangements exist, they are of a rudimentary type. In Tripura and NEFA this work is confined mainly to O & M studies. In Himachal Pradesh, the main emphasis is on economy; the work of the Administrative Reforms Unit is confined to screening of proposals for the creation of posts. In Delhi, however, the Administrative Reforms Department is organised on a more systematic pattern.

307. The Special Study on the Himachal Pradesh Administration has examined the existing arrangements for administrative reforms in that Administration. It has come to the conclusion that the Administrative Reforms Unit has not even been able to fulfil its limited role of examining proposals for creation of posts with any degree of satisfaction, mainly because of shortage of staff. The Special Study has, therefore, made recommendations for a general strengthening of the arrangements for administrative reform because it is the only means of bringing about efficiency and economy. We feel that these recommendations can, with advantage, be adopted for the other Union Territories also. Although a separate Department has been recommended, we feel that a Unit will suffice for the present. Subject to this modification the main recommendations are :—

- (a) The Administrative Reforms Unit should be placed under the charge of the Chief Secretary.
- (b) To begin with, the Unit should have two teams, each headed by a whole-time officer of the rank of Senior Analyst (corresponding roughly to an Under Secretary); one for administrative reviews and inspections, organisational analysis and methods study, and the other for assessing staff requirements of different departments and evolving work norms for different types of repetitive jobs.
- (c) Scrutiny of individual proposals for the addition of each and every post need not be entrusted to the Administrative Reforms Unit unless the proposal involves creation of a sizeable bunch of posts and the Finance Department feels that a detailed organisation and method study is called for.
- (d) The staff of the Unit should be trained in work-study techniques; their formal training should be organised in consultation with the Department of Administrative Reforms at the Centre.
- (e) The department should organise the preparation of departmental manuals and hand-books for the guidance of all concerned and design appropriate forms for the submission of different types of proposals.
- (f) The charter for the Administration should be on the lines suggested at Appendix IX.
- (g) A Secretaries Committee on Administration headed by the Chief Secretary should be set up for considering *inter alia* policy issues having a bearing on administrative improvements and for guiding and directing the work of the Administrative Reforms Unit.
- (h) The Unit should maintain an active liaison with the Department of Administrative Reforms at the Centre in more important matters like the formation of programmes of its studies, specially to begin with, and even in the conduct of the more important among them.

### *District Administration*

308. We have already indicated that there is a case for rationalisation of district boundaries in Himachal Pradesh, Manipur and Tripura. In Himachal Pradesh both from the view-point of area and population, the districts are very small. Even the hilly terrain of the Territory and lack of proper communications cannot justify districts of the area of Simla, Bilaspur and Sirmur or of the population of Lahaul & Spiti and Kinnaur. The remaining districts also cannot be said to be large by any standards.

309. In our discussions with people representing various shades of opinion in Himachal Pradesh, many conceded that there is need for rationalisation of district boundaries. One view is that no effort should be made to reduce the number of districts in the Territory; all that can be attempted is a realignment of the boundary in those places where the existing boundary is irregular and administratively inconvenient. It was emphasised that reduction in the number of districts will make the administration remote from the people. Moreover, such questions tend to assume political over-tones, and even if the abolition of any district can be justified on administrative grounds, the proposal will be difficult to implement. Another view is that boundaries should not be disturbed except in Kangra district, which is too large and unwieldy; hence, it should be split into two. A third view suggested a proper examination of the whole problem and a redrawing of district boundaries wherever necessary.

310. We feel that a special study in association with the Himachal Pradesh Administration, is necessary before any specific recommendation can be made on this issue. *Prima facie*, however, it is our view that there is scope for reduction in the number of districts in this Territory. Even if the number of districts is reduced by one or two, there will be a considerable saving in administrative overheads. In this reorganisation, it may become necessary to create some Sub-Divisions in order to compensate for the reduction in the number of districts.

311. With the separation of the executive from the judiciary, it may also become necessary to appoint some Sub-Divisional Magistrates, particularly in those places where the empowering of Tahsildars will not provide a substitute for judicial Magistrates.

312. Independent Sub-Divisions in charge of officers who exercise most of the powers of the Deputy Commissioners can also be considered. This will help in bringing the administration closer to the people.

313. Both in Tripura and Manipur, it was represented to us that there is need for splitting each of these Territories into three districts. We understand that in their evidence before the Administrative Reforms Commission when they visited those Territories in April 1967, many people voiced the demand for a larger number of districts. While most stuck to the figure of three, others wanted that Manipur should be split into five districts. Be as it may, the main grounds advanced in favour of a large number of districts are : (a) comparatively large area of each of these Territories; (b) difficult terrain and bad communications; (c) difficult law and order situation because of depredations by Naga and Mizo hostiles; (d) constant influx of refugees into Tripura; and (e) the need to defend the Tripura border with Pakistan. It was also pointed out to us that there are three districts in Nagaland even

though its area is considerably less than that of Manipur. We formed the impression that there is near unanimity among officials as well as non-officials that the interior of these Territories is under-administered, and this is particularly true of the hill areas of Manipur. It was pointed out to us that the tribals who inhabit these areas set much store by their participation in the administrative arrangements made for them; this is a feature of all tribal societies. Hence, if the hill areas are constituted into separate districts, it will go a long way in satisfying this wish. Moreover, the hill areas form a natural administrative unit quite apart from the valley, and that the hill people have no affinities with the valley dwellers.

314. As in the case of Himachal Pradesh, we have not been able to examine these demands in depth mainly because it will entail a special study. *Prima facie* however, we feel that there is a reasonable case for a larger number of districts in each of these Territories. Their exact number and the boundaries will, however, need a detailed study in consultation with the Territorial Administrations. We recommend that the Home Ministry, in consultation with the Administrations of Himachal Pradesh, Manipur and Tripura, may set up an expert committee to go into the question of rationalisation of districts' boundaries in these Territories.

### *Panchayati Raj*

315. In the brief description of Panchayati Raj given in an earlier Chapter we have brought out the differences that exist in the extent of its implementation and the pattern that has been introduced in each Territory. At one end of the scale are the Laccadive, Minicoy & Amindivi Islands where Panchayati Raj has yet to be introduced. At the other end of the scale are those districts of Himachal Pradesh which formerly formed part of Punjab, where Panchayati Raj is fully organised on the three tier pattern. In the other Territories there is no uniformity. In Goa, Manipur and Tripura, only the first tier has been organised; in the last mentioned Territory even this tier has started functioning as recently as September 1967. In the Andaman & Nicobar Islands, only the Andaman group has so far been covered and that too at the lowest level. In Chandigarh, Panchayati Raj is in a peculiar position; while the village level bodies exist, the block and district level bodies are located extra-territorially and as a consequence, the whole system seems to have come to a halt. In Pondicherry, the system of local government inherited from the French is still continuing, and even though an official committee has gone into the issue of introducing Panchayati Raj, the communes still continue. Even though NEFA has made a late start, it appears to be going about the constitution of Panchayati Raj in a systematic manner and it is hoped that it will be fully functional by the beginning of next year.

316. Considering that encouragement of panchayats is a Directive Principle of State Policy, the fact that Panchayati Raj appears to be lagging behind in the Union Territories is a matter of some concern. The Union Home Minister, when we met him, was quite categorical in his assertion that the Central Government was not prepared to "compromise" on the issue of introducing Panchayati Raj in the Union Territories. We can, therefore, take it that at the policy level, at least, there is no ambiguity on this score; if there has been any laxity it is at the implementing level only. If this is correct, we feel that the Central Government must now take adequate steps to encourage Territorial Administrations to introduce Panchayati Raj as soon

as possible. For some of the Territories at least, excellent models are available in the adjoining States such as Maharashtra, Madras, Andhra Pradesh, etc. Even in the case of Pondicherry, a special committee has submitted detailed proposals on the adaptations needed in the communes to fit them into the three-tier pattern of Panchayati Raj. If, therefore, local sentiments appear to favour continuance of the communes, it should not be difficult to modify the pattern of Panchayati Raj in such a fashion as to allow for the continued existence of the communes.

### *All-India Services*

317. We have, in an earlier Chapter, given a fairly detailed account of the history of the Union Territories cadres of the IAS and IPS. The main reason for constituting these cadres, which initially began as the joint cadres for Delhi and Himachal Pradesh, was the difficulty in getting suitable officers from other States for deputation to the Union Territories. Even liberal financial incentives had failed to solve the problem. Now that separate cadres meant exclusively for the Union Territories have been constituted, the Home Ministry have at their disposal a sufficient number of officers for service in these Territories. It must be conceded that this is a great advance over the situation obtaining a few years ago when it was not unusual for posts in Union Territories to lie vacant for long periods for want of suitable officers, and even when officers were made available by State Governments, the Central Government was never sure of getting the best.

318. As we have mentioned earlier, a Special Study of the Himachal Pradesh Administration has been conducted at our instance; this study has also gone into the question of the Union Territories cadres of IAS and IPS in relation to the needs of that Territory. On an assessment of the cadre requirements of Himachal Pradesh, the Study has come to the conclusion that a separate IAS cadre for that Territory is a viable proposition and as such, a separate cadre should be formed. In respect of the IPS, it has recommended that even though the need is not as pressing as for the IAS, a separate cadre should be formed.

319. In as much as the carving out of a separate cadre for Himachal Pradesh (and a possible development on the same lines in the case of Delhi) might result in a dissolution of the Union Territories cadres, the Special Study has critically examined the concept of a combined cadre embracing all the Union Territories. On the basis of this examination, it has come to the conclusion that the Union Territories cadre has serious drawbacks and even if it is to be dissolved, no damage will be done. All that will be needed is the provision of an alternative method of finding officers to man senior posts in the Union Territories.

320. It will be worth examining the justification for a separate IAS cadre for Himachal Pradesh and the drawbacks of the Union Territories cadre brought to light in the Special Study so as to decide whether the Union Territories cadre is the proper solution for manning senior posts in the Union Territories. We may also point out that certain other difficulties in the administration of these cadres have been brought to our notice by various IAS/IPS officers in the course of their discussion with us.

321. The Special Study has pointed out that by combining Himachal Pradesh with other Union Territories in constituting a combined Union Territories cadre, this Territory will be deprived of a body of officers that develops



roots in and owes its undivided loyalty to it. It is urged that : "Without such a corps, the top hierarchy in the administration will be notable for lacking in the wide and intimate knowledge of the social, economic and administrative life of the area so necessary to enable it to discharge its functions confidently and competently. Its impermanence will prevent it from being committed to Himachal Pradesh and accepted wholly by it." It is argued that the whole system of the All-India Services is built on the concept where an officer is sent to a particular State cadre for which he ultimately develops loyalty and where he seeks fulfilment; thereafter, he considers the State as his own and the Government there considers him as its own. On these considerations, the Study concludes : "Unless Himachal Pradesh has its own cadres, this equation will be impossible to build and officers coming from outside will not develop roots in the region nor will the local Government develop any interest in their training and development."

322. The Himachal Pradesh study goes on to analyse the consequences of the impermanence of the officers of the Union Territories cadre in Himachal Pradesh. "First, the political executive knowing that the officers posted to Himachal Pradesh are always liable to transfer to outside territories and that it does not have to put up with them permanently will tend to treat them as birds of passage, and rather than establish a proper equation to get the best out of them will ignore their development, give little attention to the evolution of a deployment policy and push out the 'inconvenient' among them. Secondly, the officers themselves knowing the temporariness of their stay would also tend not to strive to establish the right equation or to take the requisite degree of interest either in their work or in developing the necessary ties with the personnel working there without which team work is not possible. Thirdly, the subordinates working with these officers will exhibit (as they even now do) a tendency to be casual towards them knowing that they are birds of passage and are unlikely in the long run to be able to do either much good or much damage to them. This undermines morale and discipline, doubly so if as a result the subordinates tend to form direct links with the political executive".

323. On these considerations, the Study has come to the conclusion that in principle Himachal Pradesh should have a separate IAS cadre. The viability of such a cadre has been examined in relation to the following factors :

- (a) whether the cadre is of adequate size and whether it can be structured that there is not too heavy a concentration of posts at the headquarters;
- (b) whether there are sufficient number of posts on which to develop officers and provide them with experience;
- (c) whether the cadre can sustain a rate of recruitment which will provide officers of the requisite experience and seniority for the different posts in numbers that are sufficient and yet not too much to cause congestion;
- (d) whether it will provide adequate opportunities for promotion; and
- (e) whether it will provide opportunities for the training of junior officers.

After examining all these factors, the Study has come to the conclusion that a separate cadre will be a viable proposition.

324. As we have mentioned earlier, the Study has also examined the consequences of carving out a separate IAS cadre for Himachal Pradesh *vis-a-vis* the Union Territories cadre. It has conceded that if Himachal Pradesh opted out of this cadre, it would not be long before Delhi followed suit. This would then accentuate the problem of finding officers for the remaining Union Territories like Manipur, Tripura, Goa, etc. In considering this question, the Study has gone into the concept of the Union Territories cadres with a view to ascertaining whether any damage would be done by their dissolution.

325. The Union Territories are widely dispersed with different cultures, traditions, and administrative practices. Their far-flung nature will create difficulties in the matter of postings. It is not unlikely that officers posted to difficult areas will bring pressure on the Central Government to avoid such postings. Secondly, a host of languages are spoken there such as Hindi, Marathi, Konkani, Tamil, Punjabi, Gujarati, Assamese, Bengali and several tribal dialects. The variety of languages will make it necessary for officers to learn several languages, which presents practical difficulties. The Central Government feel that similar problems exist in heterogeneous States like Madhya Pradesh and Assam where wide disparities of languages and culture exist. They feel that the language problem will not prove to be insuperable as direct recruitment will provide a cross-section of various language groups and promotions from the Territorial services will also provide officers knowing local languages. The Report of the Special Study has pointed out that this expectation may not be fulfilled. Direct recruitment, which is based on the merit of individual candidates, need not throw up a sufficient number of candidates knowing the languages in vogue in Union Territories. Moreover, according to the existing formula, 50% of the regular recruits allotted to the Union Territories cadres will be from areas outside the Union Territories. It is thus difficult to expect that direct recruitment will provide any sizeable number of officers knowing the local languages.

326. On the language question it was also pointed out to us that in relation to a State cadre, officers are required to master only one, or at most two local languages, but in the Union Territories, where nine or ten languages are spoken, officers are at an obvious disadvantage. Even if each officer is able to learn more than one language, his services can be utilised, at best, in the few Territories where those languages are spoken. The mobility of officers is, therefore, bound to be affected adversely. Ultimately, there will be several officers in each Territory without knowledge of the local language and in certain types of posts, this may be a serious handicap.

327. The Special Study has pointed out that while direct recruits, who enter service with the full knowledge of their liability to transfer to various Administrations, may not prove any obstacle to postings in far-flung Territories, the same cannot be said of promoted officers, who by the time they enter the IAS/IPS develop deep roots in their native Territories. Hence, this would, in the long run, result in local promotees becoming permanent or semi-permanent fixtures easily amenable to political pressures, while the direct recruits will be treated as birds of passage with the consequences that have already been described above.

328. The Union Territories cadres provide the normal promotion quota for officers of the Territorial Services. In examining the difficulties that are likely to arise in the actual mechanics of such promotions, the Special Study has pointed out that there are no combined seniority lists for the Union Territories. It may, therefore, become necessary to apportion the promotion quota between the Territories. This may also become necessary in order to keep the Services in each Territory satisfied and contented. In principle, such a step is inadvisable. Moreover, in this apportionment what will happen to the Laccadive, Minicoy & Amindivi Islands where there is only senior post of the IAS, is not clear.

329. In a total IAS cadre of 240, there are only three posts in the rank of Commissioner. Opportunities of promotion will, therefore, be strictly limited. The Special Study feels that the only solution lies in operating the Central deputation quota in such a manner that officers becoming due for promotion in this cadre will have to be sent on deputation to the Central Government. This may not always be possible, specially, when it is remembered that there is already considerable pressure at this level in the Central Government.

330. The Union Territories cadres thus suffer from a number of drawbacks, and even if the Central Government find it easier to get officers to man senior posts in the Union Territories, the problems of cadres management may prove to be insuperable. As an alternative, therefore, the Special Study has suggested that the requirements of the Union Territories for officers from these cadres should be included as a part of the Central Government's own requirements which are met from the Central deputation quota. As the officers posted to the Union Territories will be drawn from the States, it will be necessary to suitably increase the cadre strengths of each State to enable them to send an increased number of officers to the Central Government for this purpose. In order to overcome the resistance of officers coming on deputation to the Centre for limited tenure of 4 or 5 years being sent to a Union Territory instead of a normal posting to a Ministry, it has been suggested that the tenure period of such officers should be computed in such a manner as to exclude the period (or part of the period) spent by him in a Union Territory; this will then enable him to spend a reasonable period in the Central Government itself. These posts being treated as Central deputation posts, it would facilitate matters if they are pooled together with other posts in the Home Ministry and that Ministry operates on them by posting officers deputed to it.

331. We have given most careful consideration to the proposal for a separate IAS cadre for Himachal Pradesh, the drawbacks of the Union Territories cadres, as well as the alternative proposals for manning senior posts in the Union Territories made in the Report of the Special Study on Himachal Pradesh. While we concede that the difficulties pointed out by the Special Study are not unreal, we feel that the whole problem has to be viewed from a wider angle. Although from Himachal Pradesh's point of view, there might be certain advantages in having a separate cadre of its own, the Central Government cannot view the requirements of this Territory in isolation. Faced with the problem of finding senior and experienced officers for the Union Territories, the only practical solution is the one which was ultimately evolved, viz., a cadre embracing all the Union Territories. Moreover, through this means an avenue of promotion has been opened up for the officers of

the civil and police services of the Union Territories. It is beyond dispute that the Union Territories cadre has achieved its avowed objective of providing officers for manning posts in the Union Territories. If Himachal Pradesh is allowed to opt out of this cadre, and this Territory is followed by Delhi, the entire arrangements are likely to collapse. In the context of the overall responsibility of the Central Government to provide officers for all the Union Territories, this cannot be permitted.

332. The alternative to the Union Territories cadre suggested in the Report of the Special Study also suffers from many of the drawbacks pointed out in these cadres. For one thing, officers coming on deputation will have no territorial loyalties; for another, they will also be birds of passage—in fact, to a larger degree than officers of these cadres. Past experience has shown that the States do not spare really good officers for posting to the Union Territories; the situation is unlikely to improve even though officers are to be obtained through the Central deputation quota. Moreover, there is a fear that some States may try to gain political ends through the deputation of officers who may try to favour their parent States.

333. While it is a fact that at present promotion opportunities in the Union Territories cadre are limited, but as the requirements of this cadre grow, the number of posts in the scales above the normal time scale of pay will also increase. For example, we have ourselves recommended the upgrading of two posts of Chief Secretaries to the level of Joint Secretary in the Centre. In this manner, it is not unlikely that within a few years such imbalances will be evened out.

334. Language, of course, presents a difficult problem but it will be mitigated to a certain extent by the appointment of direct recruits and promoted officers, who know one or more of the local languages.

335. The Union Territories cadres have only come into existence from the 1st January, 1968 and even though they may not be an ideal solution for manning senior posts in the Union Territories, they should, in all fairness, be given a trial. The success of these cadres, to a great extent, will depend on the firmness with which the Union Home Ministry is able to resist political pressures from the Territories, and also from officers who may wish to avoid postings to difficult areas.

336. As we have mentioned earlier, the Home Ministry acts as the cadre authority only for the IAS and IPS. The same principle has not been applied to the Indian Forest Service. In our view, it would be more appropriate if, instead of the Ministry of Food & Agriculture, the Home Ministry is made the cadre authority of this Service also. Personnel management, particularly in relation to the higher Services, needs a coordinated approach and this can only be achieved if the management of all three All-India Services is centralised in the Home Ministry. As and when other such Services are created and the Union Territories are brought within their ambit, their management should also be given to this Ministry.

337. Before we consider other Services, we may deal with one small issue relating to the Indian Frontier Administrative Service. Although there is some opposition to the entry of selected officers of this Service into the IAS, we feel that the decision is basically sound. As mentioned earlier

35 IFAS officers out of a total strength of 75 have been approved for appointment to the IAS after screening by the Union Public Service Commission. What happens to the 40 officers of this service who remain, is a point for consideration. The majority of them are serving in NEFA. In our discussions with senior officers of the NEFA Administration, some anxiety was expressed by them about the adverse effects the continued presence of these officers would have on the efficient functioning of the Administration. They felt that such officers, having failed to qualify for appointment to the IAS, will lose heart, and become indifferent to their work. As they have no further prospects in the IFAS there will be no incentive to show improvement, and as a consequence their work is likely to deteriorate further. Their presence will only be a drag on the Administration; there is little hope of sending them outside NEFA as no one will take officers who have failed to make the grade.

338. We agree that the anxiety expressed on this score is not misplaced. It is not as if this is a problem which time will solve; there are several officers with 22—25 years of service still left, who will now be on the hands of the NEFA Administration. While we do not advocate the entry of all such officers into the IAS, we feel that a solution may lie in giving them a second chance of being considered for appointment to this Service after they have shown sufficient improvement during the next few years. In practice, this will mean that the performance of all officers, who failed to make the grade, will be reassessed in consultation with the UPSC after a specified period; those who come up to the required standard will then be taken into the IAS. We feel that sufficient time, say 5 years, should be given to them to prove their worth. This is sure to act as an incentive to the more ambitious and the border line cases, who with some effort may now come up to the mark. Simultaneously, the really hopeless cases should be weeded out of the IFAS and either retrenched or retired compulsorily under the relevant rules. For the few that remain, and there will not be many, normal opportunities of promotion may be given subject to a suitable merit test. This will provide some incentive to them. An effort should, however, be made to share such officers between several Union Territories and the Central Government instead of concentrating most of them in the NEFA Administration alone.

#### *Civil & Police Services*

339. The main justification for the DHANI cadres of the Civil and Police Services was the same as for the All India Services, viz., difficulties in finding suitable officers for appointment to the three Territories. While in the case of the All India Services this principle appeared to justify a combined cadre for all the Union Territories, in the case of the DHANI cadres the principle was only applied to the three Territories where Hindi is the regional language. For the others, it was felt that differences in language and culture, difficult conditions in the Territories and difficulties of cadre management and control would not permit the formation of a combined cadre for all the Territories. Separate Civil and Police Services cadres have, therefore, been or are in the process of being constituted in each of the Territories (except Laccadive, Minicoy & Amindivi Islands and Dadra & Nagar-Haveli).

340. We agree that the formation and management of common cadres for all the Union Territories is beset with many difficulties, and even if this

results in the formation of small separate cadres for each Territory with the inherent shortcomings of small cadres, it cannot be helped. A solution may lie in forming joint cadres with the neighbouring States, but this pre-supposes a level of cooperation and understanding between the two governments which may be difficult to attain. If this is so, then there is no alternative but the creation of small territorial cadres both for the Civil and Police Services.

#### *Other Services*

341. The difficulties pointed out in relation to the Civil and Police Services also apply with equal force to other Services. No regular Service cadres have been formed in departments such as Education, Agriculture, Cooperation, etc. and as a consequence, promotion opportunities are scarce. In some cases it may be possible to form common cadres on the lines of the DHANI cadres, for two or more Territories; Manipur, Tripura and NEFA is one possibility. Another alternative lies in forming joint cadres with the neighbouring States. Either of these alternatives will be an improvement over the present situation.

#### *Pay Scales*

342. In part at least, the pattern of pay scales now prevailing in the Union Territories is based on the recommendations of the Second Pay Commission. The general principle laid down by that Commission in fixing the remuneration of the staff of the Territorial Administrations is based on the consideration that conditions in the Union Territories approximate to those in the neighbouring States as also the duties of their staffs with those of the State Governments. The Pay Commission felt that the fact that the staffs of the Union Territories were technically Central Government employees, did not alter their characteristic as employees of local administrations. The Commission, therefore, suggested that : "..... their remuneration should be determined on the basis of their real, rather than, their formal status". And : "We also think that even though the employees in question are paid from the Consolidated Fund of India, the resources of the Administrations which they serve are a factor that should be taken into account for determining their remuneration." The Commission also recommended that increases in pay and allowances sanctioned in the neighbouring States should automatically be made available to staffs of Union Territories. While applying this principle to Delhi, the Andaman & Nicobar Islands and the Laccadive, Minicoy & Amindivi Islands, the Commission, however, recommended adoption of Central scales of pay; in Delhi because the staff lived in conditions exactly similar to those of employees in the headquarters organisation of the Central Government; and in the two Island Territories because of the difficult conditions of service and the fact that most of the staff had to be drawn from the mainland.

343. While the above pattern is being largely followed even today, difficulties have arisen in some Territories in sanctioning the increases in pay and allowances given by the neighbouring States, for in some cases such increases have been given more on political considerations than on an objective assessment of the factors relevant to the examination of such demands. Moreover, in the absence of adequate domestic revenues, the sanction of pay increases in the Union Territories has direct repercussions on the finances of the Central Government. While the principle laid down by the Pay Commission for deter-

mining the remuneration of the staffs of the Union Territories is basically sound, we do not think that they could have visualized a situation in which the pay increases sanctioned by a State Government bordered on the irresponsible, and despite this, the Central Government would be forced to follow suit. Moreover, the increase in pay of one class of employees in a Union Territory, even though it is based on a similar increase in the neighbouring State, has immediate repercussions in other Union Territories as well as on the other employees of that Territory itself. In order to avoid situations of this nature, it would perhaps be better to evolve a new pattern of pay scales for the employees of the Union Territories based on the Central scales of pay. For those posts for which there are no parallels in the Central Government, new scales may have to be evolved. The whole question can, with advantage, be handed over to a small expert group for detailed examination.

### *Incentives*

344. During our visits to NEFA, Manipur and Tripura, several officers related to us the financial hardships they face as a result of service in remote and difficult areas. Inaccessibility, backwardness, disturbed conditions, lack of educational facilities and normal comforts of life were some of the factors which made postings to such areas unattractive. Moreover, living in these conditions casts a heavy financial burden on the staff posted in such areas. It was, therefore, emphasised that unless adequate steps were taken to : (a) compensate the officers for the higher cost of living, and (b) provide an element of incentive, such postings would continue to be unattractive and unpopular.

345. Even at present, this difficulty has been recognised and, at least, in the case of NEFA a special pay (50% of the basic pay in remoter areas and  $33\frac{1}{3}\%$  in the remaining parts of the Agency subject to prescribed maxima and minima) is given to all staff; free furnished accommodation and equipment allowances are further concessions. The Ministry of Finance appears to feel that on account of the intensive development efforts during the past few years, NEFA is no longer as backward as it once was. Consequently, there is need for reviewing the payment of special pay and other concessions now admissible. In fact, these concessions are being extended for short periods to enable a review being undertaken for this area.

346. The whole problem, in our view, should be approached from a different angle. It is quite possible that there are areas in NEFA, which are no longer very difficult or backward and may not qualify for the concessions now admissible, but the entire area along the international border, which is characterised by difficult mountainous terrain, thick forests, bad communications and lack of amenities, is still in such a state of backwardness and underdevelopment that there is more than adequate justification for continuance of the existing concessions.

347. It was pointed out to us that a special pay similar to that admissible in NEFA is also payable in Nagaland. But in the hill areas of Manipur, which adjoin Nagaland and where conditions are identical, no such allowance is payable. Understandably, there is considerable resentment among the Manipur staff which has to serve in this area. The hill areas of Manipur are as disturbed, backward and inaccessible as Nagaland; they also lack common amenities of life—all relevant factors for sanctioning special pay in Nagaland. *Prima facie*, therefore, it is unfair not to allow a similar special pay to the staff serving in the hill areas of Manipur.

348. In parts of Tripura and the Andaman & Nicobar Islands, we were informed that there are areas where government staff has to face similar difficulties in their day-to-day life.

349. Instead of dealing with this problem in an *ad hoc* fashion, we feel that it would be much better if the whole question is referred to a small official committee consisting of representatives of the Home and Finance Ministries and the Territories concerned, which can examine the matter in its proper perspective and make comprehensive recommendations for payment of allowances and other concessions, either existing or additional, by way of compensation and incentives. We further recommend that once the Central Government issues orders after consideration of the report of this committee, they should continue in force for at least three years; if another review is undertaken thereafter, the existing orders should remain in force until the whole matter is re-examined and revised orders are issued.

### Recruitment

350. As pointed out earlier, the Administrators in Union Territories with Legislatures are empowered to frame recruitment rules for all Services and posts other than those of Class I where powers to frame recruitment rules have been retained by the Central Government. In the case of Goa, however, the Administrator has been given similar powers in relation to Class I Services and posts. Class II and higher posts are filled through the UPSC. Class III posts are filled by the Departments themselves. During our discussions in the Union Territories, particularly with non-officials, we gathered the impression that there is considerable opposition to recruitment through the UPSC mainly because; (a) it is slow and dilatory, and (b) it places candidates from the Union Territories at a disadvantage in that they are unable to compete with candidates from the more advanced States. Some people felt that, even if the Constitution had to be amended, separate Public Service Commissions should be created at least for the larger Union Territories. While some suggested that advertisements for recruitment should be confined to local and regional newspapers only, others thought that the UPSC should undertake recruitment in the Territories themselves instead of in New Delhi. Each of these suggestions has its own merits, but none of them is really satisfactory. In the Report of the Special Study on Himachal Pradesh, a suggestion has been made for the creation of a Services Selection Board for that Territory. We have carefully considered this recommendation and we feel that the idea can be generally adopted for all the Territories. Recruitment to Class I Services and posts may remain with the UPSC, but recruitment to Class II (other than Judicial, Civil and Police Services) and Class III Services and posts should be entrusted to these Boards. All the advantages that are presently available in relation to recruitment to the Class I and II Services and posts through the UPSC will also become available for Class III Services and posts where complaints of favouritism and nepotism are often heard.

351. In addition to recruitment, the Board should also be assigned the following tasks :—

- (i) It should organise qualifying or competitive tests for promotion within the Class III Services or from Class III to Class II Services; and



- (ii) The Chairman of the Board should be made the *ex-officio* Chairman of all Departmental Promotion Committees for promotion to and within the Class II and III Services.

352. Both in Himachal Pradesh and Delhi, separate Services Selection Boards may be set up. The average number of vacancies that are likely to arise in a year in each of these Territories will be over 1,000 and this justifies the creation of two Boards. Chandigarh can be linked to the Delhi Board. There may be one such Board jointly for Manipur and Tripura where also the average number of vacancies in a year will be over 1,000. A fourth Board can be set up for Goa, Pondicherry, and Dadra & Nagar-Haveli; the likely average number of vacancies will be about 600, and although this is somewhat inadequate for a separate Board, this factor alone should not be taken as a serious objection against its constitution.

353. In the case of both the Island Territories, separate Boards will not be justified. It should be possible to meet their requirements by linking the Andaman & Nicobar Islands to the Delhi Board and the Laccadive, Minicoy & Amindivi Islands to the Goa-Pondicherry Board. The Delhi Board can either visit Calcutta or Port Blair when it is dealing with recruitment for the Andaman & Nicobar Islands. Similarly, the Goa-Pondicherry Board can either go to Kavaratti, Cochin or Calicut.

354. The *ad hoc* Recruitment Committee for NEFA may be allowed to continue for the present, but ultimately this Territory can either be given a separate Board or it can be linked with the Board for Manipur and Tripura.

355. Keeping in mind the likely work load for each of these Services Selection Boards, we suggest that there should be one whole-time Chairman and two other part-time official members. Each Board will require a small secretariat of appropriate size.

356. As for the post of Chairman, we suggest that he should be remunerated in the scale of Rs. 1800—2000. He can be either an official or non-official. His appointment should be made by the President for a term of five years. Considering that in many respects the role of the Services Selection Board will be akin to that of a Public Service Commission, it would be appropriate if statutory provision is made for the Board in the Government of Union Territories Act, 1963.

### *Control Over Services*

357. We have already considered the constitutional position of the Services in the Union Territories with Legislatures. The Administrator exercises control and rule making powers in relation to the Services on behalf of the Central Government. Evidently, the Central Government recognized that it is somewhat anomalous in a democratic set-up to completely exclude the Ministry from any arrangements made for the Services. It is, therefore, provided in the Rules of Business that in exercise of his powers and functions in relation to the Services, the Administrator shall act in consultation with the Chief Minister. Such consultations take place in accordance with the standing orders which the Administrator has to make for the disposal of business relating to matters in which he is not required to be aided and advised by his Council of Ministers. It is, of course, expected that the Administrator will give due consideration to the views of the Chief Minister

in such matters and, if he disagrees, he will only do so for weighty reasons and in the larger interests of the administration of the Territory.

358. The present position is that the Administrators of Himachal Pradesh, Goa, Pondicherry, Manipur and Tripura have been empowered to make rules in regard to the following matters :—

- (i) the method of recruitment to the Central Civil Services and posts—Class II, Class III and Class IV under their administrative control and serving in connection with the affairs of the Union Territory concerned;
- (ii) the qualifications necessary for appointment to such services and posts; and
- (iii) the conditions of service of persons appointed to such Services and posts for the purposes of probation, confirmation, seniority and promotion.

In the case of Goa, Daman & Diu, the Administrator has been given similar powers in relation to Class I Services and posts also.

359. We recommend that :—

- (a) in the case of Delhi, it may be provided in the Rules of Business that the Administrator will exercise his powers in relation to the services in consultation with the Chief Executive Councillor; and
- (b) all Administrators should be given powers over Class I Services as are now available to the Administrator of Goa, Daman & Diu.

### *Advisory Committees*

360. As we have indicated in Chapter II of Part I, in Chandigarh, the Andaman & Nicobar Islands and the Laccadive, Minicoy & Amindivi Islands, there are Advisory Committees associated with the Home Minister. In Dadra & Nagar-Haveli there is no such Committee. In each of these Territories, there is a similar Committee associated with the Administrator. In the North East Frontier Agency also, a similar Committee, the Agency Council, is being created in the near future.

361. In the absence of institutional arrangements for associating public opinion with the administration of these Territories, the formation of Advisory Committees is a step in the right direction. We recommend that the omission in the formation of an Advisory Committee at the Central level in the case of Dadra & Nagar-Haveli should be made good as soon as possible.

362. The Present practice is to make nominations of suitable persons to the Committees both at the Central and Territorial levels; the usual term of office for non-official members is one year. We suggest that instead of appointing members by nomination only, it would be appropriate, at least at the Territorial level, to leave their selection to representative institutions. In this connection, we may point out that the Varishtha Panchayat in Dadra & Nagar-Haveli consists of representatives elected by each Panchayat of the Territory. It has 36 members. The Agency Council in NEFA will also

have a number of indirectly elected members representing the Anchal Panchayats. We feel that similar provision should be made in the case of the Advisory Committees for Chandigarh, the Andaman & Nicobar Islands and the Laccadive, Minicoy & Amindivi Islands. While these proposals may have to await the introduction of Panchayati Raj in the Laccadive, Minicoy & Amindivi Islands, it can be introduced on a limited scale in the Andaman & Nicobar Islands because Panchayats have already been formed in the Andaman Group. In the Nicobar Group, the Village and Island Councils can serve the same purpose as the Panchayats.

#### *Informal Consultative Committee of Parliament*

363. It was suggested to us by several non-officials that it would be advantageous to constitute a Parliamentary Committee for Union Territories to keep an effective eye on their administrations. Our sister Study Team on the Machinery of Government of India has also made a similar recommendation. While we agree with the underlying idea, we feel that there will be one insurmountable difficulty. The presence of Legislatures and Councils of Ministers in some of the Territories will make it difficult for the Parliamentary Committee to carry out its functions without coming into conflict with these bodies. There is, therefore, a fear that more harm than good may come out of this proposal. It would, however, be helpful if instead of a Parliamentary Committee, an Informal Consultative Committee, consisting of all Members of Parliament from the Union Territories is constituted. As in the case of other such Committees, it will provide a forum for informal discussions between the Members of Parliament, the Union Home Minister and senior officials of the Central Government and Territorial Administrations on government policies relating to the Union Territories and their problems. It will be advantageous if the Administrators and Chief Ministers of the Union Territories with Legislatures and Administrators in other cases are also invited to participate in these discussions.

## CHAPTER III

### FINANCIAL ADMINISTRATION

364. In Chapter III of Part II on Financial Matters, we have already considered the lack of discipline which is inherent in the present financial relations between the Union Territories and the Central Government; their dependence on Central assistance; the strict control exercised by the Central Government over budgeting in the Territories; and the prevailing pattern of financial delegations. We have also traced the relationship between the close budget scrutiny insisted upon by the Central Government and the dependence of the Union Territories on Central assistance to finance their administrative activities and development plans. In fact, the financial relations of the Central Government and the Union Territories are really a reflection of this dependence.

365. The Special Study on Himachal Pradesh has shown that the Himachal Pradesh Administration's budget estimates for 1967-68 were reduced by the Centre by Rs. 12.99 crores. The cut imposed by the Centre was substantial considering that Central assistance for that year was Rs. 29.46 crores. During the course of the year when the Administration went in for supplementary demands on two occasions, it surrendered sums of Rs. 1.47 crores and Rs. 0.97 crores under various major heads of expenditure. That the Administration found it possible to effect this additional saving of Rs. 2.44 crores indicates that even initially its budget estimates were greatly exaggerated. If the final figures are deemed to be realistic, it follows that the Administration's proposals departed from that figure to the extent of Rs. 15.43 crores (Rs. 12.99 crores+Rs. 2.44 crores). Economy is, therefore, a casualty in such an arrangement in which domestic resources do not act as a limiting factor in the Union Territories' expenditure programme. In fact, their budgets are solely need-based, and have no relation to domestic resources. This is because the entire expenditure is ultimately under-written by the Central Government.

366. In relation to the scrutiny of the budget which is undertaken by the Home Ministry and other administrative Ministries, the Himachal Pradesh Study has shown that there are several drawbacks, the more important of which are discussed here, viz.—

- (i) The nature of scrutiny by different Ministries is not uniform. While it may be detailed and rigorous in one Ministry, it is superficial and arbitrary in another. A Central Ministry and the Union Territory Administration may hold different views on the priority to be accorded to a particular proposal yet there is generally no attempt to discuss proposals with the Administration, and even if a proposal is not accepted or budget provisions reduced, reasons are not communicated to the Administration.
- (ii) In determining *inter se* priorities, no unified view is taken while preparing the budget at the Centre, nor is any assessment made of the priorities that an item in one sector has in relation to an item in another sector.

- (iii) New items are not examined in relation to standing and continuing items. This is because new items are examined by the administrative Ministries and standing and continuing items by the Home Ministry itself. Budget proposals relating to a particular activity, therefore, do not receive a uniform look.
- (iv) Broadly speaking, the Home Ministry scrutinizes budget proposals only to determine the quantum of grant-in-aid and loan assistance in a particular year. Once this quantum is determined, the Union Territory has discretion to recast its budget or, through supplementary demands for grants or re-appropriation, to redistribute funds among various appropriations and sub-heads. The only condition imposed is that these changes do not affect the total amount of Central assistance. Changes so made are given automatic approval by the Centre, yet technically it is the Centre that has responsibility for ensuring that certain kinds of reappropriations are justified.
- (v) So long as no extra assistance is involved, supplementary demands are approved by the Centre without any detailed scrutiny. This is in striking contrast to the detailed scrutiny conducted of the budget estimates and revised estimates. The Himachal Pradesh Study has shown that this situation has sometimes given rise to conflicting decisions. For example, the first batch of supplementary demands for grants for 1967-68 and the revised estimates for that year relating to Himachal Pradesh were finalized in the Home Ministry on 8-1-1968 and 12-1-1968 respectively, the total revenue expenditure authorized by the former was Rs. 34.72 crores and that by the latter Rs. 32.08 crores. Furthermore, the pattern of spending, that the supplementary demands authorised, differed from the approved revised estimates. For example, while a supplementary demand of Rs. 59.32 lakhs was approved under "95—Capital Outlay on Schemes of Agricultural Improvement and Research—Plan" bringing the total provision for the year under that head to Rs. 79.23 lakhs, the revised estimates approved a provision of only Rs. 10 lakhs.

367. It will thus be seen that the present arrangements not only do not subserve the needs of the Central Government but have given rise to complaints on the part of the Union Territories of lack of autonomy and excessive Central control. If there is no incentive for the Territorial Administrations to practise self-discipline, the Central Government is also unable to do much to enforce the required discipline. These arrangements cannot, therefore, be said to be satisfactory from any point of view. Consequently, they will have to be modified so that, on the one hand, the Union Territories are spared the delay and irritation caused by the reference of their budgets to the Centre for detailed scrutiny, and on the other, the Centre is able to retain strategic control with itself. This objective can be achieved in the manner set out in the following section.

#### *Special Finance Commission*

368. We have already shown that the insistence on detailed scrutiny of the Territorial budgets by the Centre flows from their excessive dependence on the Central Government for grants and loans. If, however, the quantum

of Central assistance can be assessed and made known in advance to the Union Territories, it is possible to allow them to frame their budgets without the need for a detailed scrutiny by the Central Government. This, in our view, is the key to the problem.

369. The objective in view can be achieved by entrusting to an expert body, similar to the Finance Commission, the task of determining the quantum of assistance required by each Territory for non-plan purposes during a five year period. Once this assessment is made, it will be possible to make quinquennial devolutions instead of the present system of annual grants based on a detailed scrutiny by the Centre.

370. Although this work can be given to the Finance Commission under the provisions of Article 280(3)(c), we feel that it will be more appropriate to entrust it to a separate body which will only deal with the Union Territories. There is a fear that the needs of the Union Territories may not receive adequate attention at the hands of the Finance Commission because of its pre-occupation with the much larger needs of the States. On these considerations, therefore, it will be appropriate to set up a Special Finance Commission for the Union Territories. In order that these arrangements are placed on a firm footing, statutory provision should be made for the Special Finance Commission in the Government of Union Territories Act. It will be the duty of this Commission to make recommendations to the President as to :—

- (a) the principles which should govern the grants-in-aid of the revenues of the Union Territories and loans out of the Consolidated Fund of India;
- (b) the Union Territories which are in need of assistance by way of grants-in-aid of their revenues and loans and the sums to be paid to them having regard to the principle mentioned at (a) above and to such other factors as may be prescribed by the Central Government; and
- (c) any other matter referred to the Commission by the President in the interests of sound finance.

371. The Special Finance Commission should be constituted sufficiently in advance of the announcement of the Union Government's decision on the award of the Union Finance Commission; this will enable it to complete all preliminary work and collection of basic data during this period. The Special Finance Commission can then commence its substantive work as soon as Government's decisions are known to it.

372. In the case of the States, after calculating the revenue gap, the Finance Commission takes into account the amounts accruing to the States as their shares of various Central taxes and duties and if there is still a deficit, the Commission recommends neutralization by way of grants-in-aid under Article 275. In the case of the Union Territories also, the Special Finance Commission may take into account the share of taxes and duties which would accrue to the Union Territories as if they were States; a percentage is already retained by the Central Government as being attributable to the Union Territories. This Commission will, therefore, assess the non-plan revenue gap of each Territory for the five year period, and after taking

into account the estimated share of Central taxes and duties, arrive at the net amount of grant-in-aid required for each Territory.

373. Besides grants-in-aid, the Union Territories should also get loans for non-plan expenditure through the same mechanism. The Finance Commission does not go into this aspect for the States as that is not required by the Constitution, but in referring the financial requirements of the Union Territories to the Special Finance Commission, there will be no difficulty in including this aspect of the matter also.

374. Once the award of the Special Finance Commission has been accepted by the Central Government, it will result in devolution of a fixed amount (both grant and loan) every year for meeting non-plan revenue expenditure. Such Central assistance should be unconditional and it may be left to the Union Territory to utilize the funds in any manner it likes, subject to overall powers of control with the Central Government. With only a fixed amount available each year as Central assistance for non-plan spending, the Territorial Administration will have to either raise domestic revenues, or exercise strict economy if it wishes to find additional funds for new schemes. If it does not wish to take either of these steps, it will have to, at least, exercise normal economy. The greatest virtue of this system will be that it will help in inculcating a measure of financial discipline in the Territorial Administrations; they will be compelled to make all necessary arrangements to ensure economy in expenditure and for the best utilization of funds. In this respect the Administrations will be answerable to the Public Accounts Committee and Estimates Committee of their Legislative Assemblies.

375. The existing level of dependence on the Central Government need not prove to be an inhibiting factor in introducing the above measures. States like Assam, Jammu & Kashmir and Nagaland are also dependent on the Central Government to a degree which is, more or less, equivalent to the Union Territories.

376. There are two other points requiring consideration in relation to the measures suggested above. Firstly, the memorandum placed before the Finance Commission should be sent by the Union Territories through the Home Ministry which will forward it with its own comments. The Commission should, thereafter, hear the representatives of both the Territorial Administrations and the Home Ministry before it finalises its recommendations.

377. Secondly, even though the devolutions will be unconditional, the Central Government should have powers to give general directions to stop a particular activity or provide for any new activity. In the latter event, if the new activity has not been taken account of by the Special Finance Commission, the Central Government may have to provide additional funds. In order that the Home Ministry can discharge this responsibility the basis of the recommendations of the Finance Commission regarding the Union Territories should invariably be made available to that Ministry.

378. The arrangements in the foregoing paragraphs relate to non-plan revenue expenditure. On the plan side, the existing arrangements for determining Central assistance may continue. Plan expenditure which cannot be met from the revenue surplus, if any, is financed by Central grants and

loans and this feature need not be changed. As at present, the total plan outlay and the resources to be mobilized by each Union Territory will be decided at the annual plan discussions held by the Planning Commission. Central assistance will be determined on the basis of approved outlay and the expected resources.

379. In view of the fact that the above arrangements will now leave budgeting largely to the Territorial Administration, it is necessary that their powers of reappropriation should also be reviewed. At present, diversion of budget provisions from plan items to non-plan ones is not permissible except with the approval of the Centre in the Ministry of Finance. While the need to obtain Central approval for such reappropriations may be allowed to continue, reappropriation of funds from one plan item to another such item or from one non-plan item to any other item, either non-plan or plan, should be left to the discretion of the Union Territory Administrators. The rules regarding reappropriations may remain unchanged except that in all those cases where the concurrence of the Finance Ministry is required, powers of reappropriation may be exercised at the Territorial level in consultation with the local Finance Department, the only exception being cases of reappropriation from plan to non-plan items, which should continue to be referred to the Centre.

380. With the changes suggested in the preceding paragraphs, it will no longer be necessary for the Central Government to carry out a detailed scrutiny of the non-plan revenue budget. All that will be necessary is to ensure that the provisions do not entail any extra commitment on the part of the Centre. On the plan side, detailed scrutiny by the Centre may be confined to "really new items". The scrutiny will be conducted by the administrative Ministries as at present. If any cuts are made, they may be communicated by the Home Ministry to the Union Territory Administrations with detailed explanations for the cuts. For the remaining parts of the plan budget, the Centre should only ensure that it conforms to the annual plan ceiling for different heads of development and that the directions by the Planning Commission in regard to resource mobilization have been carried out. On the basis of such scrutinies of the non-plan and plan budgets, approval will be given to the Annual Financial Statement in terms of Section 27 of the 1963 Act.

381. While at the time of scrutiny the Central Government will ensure that the budgeted expenditure matches estimated revenues, it will be necessary to provide safeguards against the Administration running up large deficits during or at the end of the year. This can be prevented by making provision for a minimum cash balance for each Territory. As the cash balance approaches the prescribed minimum, intimation will be given to the Administration, and it will then be its responsibility to make arrangements either to restrict expenditure till its ways and means position improves or seek advances from the Central Government against the next instalment of grants/loans. Detailed procedures can be worked out in this regard.

382. In our view, there should be no serious difficulty in the implementation of this proposal. Even at present, the concerned Accountants General maintain centralised accounts for each Territory, and consequently, the net balance available in the Consolidated Fund of each Territory can be ascertained and reported periodically to the Administration, and also to the Central Government.



383. To recapitulate, we recommend that for non-plan revenue expenditure, the Union Territories should be entitled to quinquennial devolutions through the Finance Commission. The same mechanism may be used for determining non-plan loan assistance. The deemed share of each Territory in the divisible pool of taxes and duties may also be taken into account for the purpose of calculating grants-in-aid and loans. The devolutions made through these means will be unconditional, except that the Central Government will have overall powers to issue directions to undertake or discontinue a particular activity. On the plan side, the Central Government may continue to provide funds to finance the plan expenditure which cannot be met from the revenue surplus, if any; Central assistance will be decided on the basis of the approved outlay and expected resources in consultation with the Planning Commission. After these changes are effected, there will be no need for the Central Government to scrutinise the non-plan budget except to ensure that no extra Central commitment is involved; even in the case of the plan budget the scrutiny need only be confined to "really new items". In order to prevent the Territories from running up large deficits, it will be necessary to prescribe a minimum cash balance which will provide the absolute limit of their expenditure. In respect of the supplementary demands also, an identical procedure will be followed.

#### *Co-ordination Between Budgeting & Planning*

384. We have in an earlier Chapter pointed out the inadequacy of co-ordination between the annual budget and the annual plan. This fact has also been commented upon in the Report of the Special Study on the Himachal Pradesh Administration. The remedies suggested for this situation can perhaps be adopted with advantage in the other Union Territories as well.

385. It has been suggested that the Finance Department in the Union Territories should be actively associated with the formulation of the Plan. It should finalise budget proposals only after the annual plan discussions at the Centre are over. A possible drill has been suggested in the Report of the Special Study in accordance with the principle. The Planning Commission has now generally revised its schedule for consideration of the annual plans of the Ministries, States and Union Territories. We have accordingly taken a note of the new dates, and have revised the drill proposed in the report of the Special Study. This is at Appendix X. Under the proposed drill, proposals in regard to "really new items" will have to be forwarded to the Centre by the 1st of August. Consolidated Budget proposals will have to be submitted by the 1st of November instead of in September. No objection need be taken by the Centre to this postponement as in accordance with our proposals on quinquennial devolutions, the Centre will no longer be scrutinising all proposals in the same detail as it does at present.

#### *Contingency Fund*

386. Once the measures relating to quinquennial devolutions are brought into effect, it will be possible to remove all restrictions on the operation of the Contingency Fund. The Central Government's insistence on prior approval before operating on the Contingency Fund flowed from the fact that the consequential supplementary grants to recoup the Contingency Fund would almost always entail additional Central assistance. Now that the commitments of the Centre are to be pegged down to a fixed amount for a five year period, this objection may no longer hold good. The Union

Territories can, therefore, be permitted to operate their Contingency Funds in the normal course without any insistence on prior approval by the Centre for each transaction. As stated earlier, the Contingency Fund of each Territory amounts to Rs. 10 lakhs, except in Pondicherry where it amounts to Rs. 5 lakhs. Even if the entire amount is drawn and spent, there should not be much difficulty for the concerned Administration to find sufficient funds for recoupment through savings, reappropriation or other means. In any case, in the arrangements envisaged by us no additional burden will be cast on the Central Government as their commitment for a five year period is final.

### *Financial Delegations*

387. In the matter of financial delegations also, it will now be possible to place the relation of the Union Territories with Legislatures and the Centre on a sounder footing. As the main objective of our recommendations on quinquennial devolutions is to make the Union Territories with Legislatures, more or less, autonomous in financial matters, it follows that they should be free to regulate the expenditure of their finances to the maximum extent possible. The Central Government need not, therefore, insist on retaining their financial powers, except in those cases where the financial implications are very large, or where for lack of technical competence in the Union Territories, the Centre thinks it advisable to insist on cases coming up for sanction. This, in our view, should be the principle governing financial delegations to the Union Territories. In such an arrangement, the main responsibility for ensuring financial discipline and the propriety of expenditure will lie with the Territorial Administrations. Their actions will be subject to scrutiny by the concerned Legislature through its Public Accounts Committee and Estimates Committee.

388. We, therefore, recommend that the existing delegation of financial powers may be reviewed in the light of these principles and wherever necessary the Centre should delegate its powers to the Union Territories.

389. In case of other Union Territories, the present delegations appear to be more or less adequate. This is, however, subject to what is stated in the following paragraph.

390. We have received several proposals from the Union Territories for additional financial powers. Although it is possible that the existing pattern of financial delegations may undergo a radical change as a result of the review suggested by us in the foregoing paragraphs, we thought it proper to consider each of the proposals made by the Union Territories; for one thing, the review suggested by us is tied up with the proposals on quinquennial devolutions and for another, it may take some time to translate these proposals into concrete action. In the meantime, therefore, it may be worthwhile enhancing the powers of the Territorial Administrations in accordance with our proposals. At Appendix XI are shown the proposals received from the Union Territories, their existing powers, the corresponding powers of administrative Ministries in the Centre and our proposals. As far as possible, we have tried to give the Territorial Administrations the powers available to the administrative Ministries, except where we considered that they would have little need to make use of such powers. In one or two cases, we have

even recommended higher powers than those that are available to administrative Ministries.

### *Performance Budgeting*

391. In its report on Finance, Accounts & Audit, the Administrative Reforms Commission has recommended that "the departments and organisations which are in direct charge of development programmes should introduce Performance Budgeting. This should be done both at the Centre and in the States." Performance budgeting, which is essentially a technique for presenting Government operations in terms of functions, programmes, activities and projects, seeks *inter alia* to achieve the following objectives :—

- (i) to present more clearly the purposes and objectives for which the funds are sought and to bring out the programmes and accomplishments in financial and physical terms;
- (ii) to help a better understanding and better review of the budget by the Legislature;
- (iii) to improve the formulation of the budget and to facilitate the process of decision-making at all levels of Government;
- (iv) to enhance the accountability of management and at the same time to provide an additional tool for management control of financial operations; and
- (v) to render performance audit more purposeful and effective.

We understand that the Government of India have accepted the above recommendations.

392. Having regard to the advantages which performance budgeting will achieve, we recommend that it should also be introduced in the Union Territories. The size of the budgets of the Union Territories is such that we feel that introduction of performance budgeting should not present any great difficulty. We, however, suggest that suitable training schemes should be devised for those who at different levels will be concerned with the introduction of this system.

### *Principles for Determining Financial Assistance*

393. In accordance with our recommendations in an earlier Section, it will be for the Special Finance Commission to make recommendations as to the principles which should govern Central assistance by way of grants-in-aid and loans to the Union Territories with Legislatures, and on the basis of the principles thus enunciated, to make specific proposals for Central assistance. Under our terms of reference, however, we are required to make recommendations as to the principles that should govern the determination of the quantum of financial assistance by way of grants-in-aid and loans that should be given to Union Territories with Legislatures.

394. The Finance Commission under the provisions of Article 280(3)(b) of the Constitution, is also required to make recommendations as to the

principles which should govern grants-in-aid of the revenues of the States out of the Consolidated Fund of India. The First Finance Commission considered this matter in detail and recommended that the budgetary needs of the States should be an important criterion for determining the assistance required by them, but in arriving at their needs, appropriate allowance should be made for a number of considerations. These are :—

- (i) Due consideration should be given to the tax effort by the State and the extent to which the State itself had made efforts to raise resources in relation to its tax potential.
- (ii) Allowance should be made for scope for economy in expenditure.
- (iii) The system of grants-in-aid should be designed to avoid large disparities in the standards of basic social services.
- (iv) Grants-in-aid may be given to help individual States to meet their special burdens, if such burdens are of national concern and if they are likely to cause undue strain on the States finances.
- (v) Grants-in-aid may be given for broad national purposes with a view to further any beneficent service of primary importance in regard to which it is in the national interest to assist the less advanced States to go forward.

The principles laid down by the First Finance Commission were considered as unexceptionable by subsequent Finance Commissions. Although some changes were suggested by the Second and Third Finance Commissions, the Fourth Finance Commission adopted these principles *in toto*. We see no reason why the same principles should not be applied to the Union Territories as well; in fact, it is difficult to improve upon them. We, therefore, recommend that the principles laid down by the Finance Commission may be adopted by the Central Government in determining the quantum of financial assistance for the Union Territories with Legislatures.

### *Committed Revenue Expenditure*

395. Our terms of reference require us to estimate the financial requirements of the Union Territories and NEFA to meet the committed expenditure on maintenance and upkeep of Plan schemes completed during the Third Plan period. Any estimate of anticipated maintenance expenditure will have relevance in the context of the Fourth Plan (1969-70 to 1973-74). As such, it is necessary to take into account the expenditure incurred on Plan Schemes during the period ending 1968-69.

396. We had addressed both the Union Territories and the Planning Commission on this subject. The information made available to us by the former is in respect of the maintenance expenditure on Third Plan Schemes. As there is a gap of three years between the commencement of the Fourth Plan and the completion of the Third Plan, what we really needed was the maintenance liability for schemes completed upto 31st March, 1968.

397. The Planning Commission informed us that the material supplied to them by the Union Territories on this subject was found to be unsatisfactory and unreliable and for that reason they were unable to take a firm

view on the maintenance liability of Third Plan schemes. The Commission, therefore, expressed their inability to supply the needed information to us.

398. When the Planning Commission had initially undertaken its studies on resources for the Fourth Five Year Plan in 1965, it had estimated that the maintenance expenditure for the Third Plan ending in 1965-66 would be about 60% of the total revenue plan outlay in 1965-66 with a growth rate of 3.5% per annum. As the factors that constitute Plan revenue expenditure in the case of the Union Territories are the same as for the States, we have also based our calculations of committed revenue expenditure on the formula evolved by the Planning Commission. In other words, the anticipated maintenance expenditure during 1969-70 has been worked out for all the Union Territories and NEFA on the basis of 60% of the "projected actuals" for 1968-69 under Plan expenditure on revenue account. The subsequent growth rate for the Fourth Plan period i.e. 1970-71 to 1973-74, has been taken at 3.5%. On this basis, it is estimated that the total liability on this account for the Fourth Plan period will be of the order of Rs. 65.60 crores. The break-up Union Territory-wise has been shown in Appendix XII.

#### *Estimates of Revenue Receipts*

399. Our terms of reference require us to estimate the revenue receipts of the Union Territories for the remaining years of the Fourth Five Year Plan (1968-69 to 1970-71) on the basis of the levels of taxation or others means of raising revenues that could be attained during those years. Obviously the period for which the estimates are to be made must now be construed as 1969-70 to 1973-74, the actual period of the Fourth Plan.

400. The estimating of revenue receipts during the Fourth Plan period entails a detailed study of the past performance of each source of revenue—tax and non-tax—so as to arrive at the normal growth rate. On that basis, a projection of the estimated receipts can then be made. Having arrived at an estimate of the revenue receipts through normal growth during the coming five years, a separate estimate would have to be made of the receipts on account of new measures of taxation or other means of raising revenues during that period.

401. We undertook this exercise in the case of one Territory, namely, Delhi. It was our experience that we were not properly equipped to undertake a study of this nature for all the Territories in the time available to us. For one thing, the collection of essential data from the Territories at a considerable distance from Delhi proved to be a hopeless task. For another thing, even in the case of Delhi, the collection and processing of the relevant data took up so much time that there was no possibility in the time available to us, and with our meagre staff support, to make similar studies for all the other Union Territories. It was also our experience that in many cases, essential data was not available with many Administrations. We have, therefore, confined ourselves to making a complete study in the case of Delhi only. If our recommendations on quinquennial devolutions are accepted, such studies will, in any case, have to be undertaken, firstly by the concerned Administrations and then by the Special Finance Commission.

402. Our estimates of revenue receipts for Delhi during the period 1969-70 to 1973-74 (Fourth Plan period) are shown at Appendix XIII; this Appendix is in three parts, viz.—

- |   |   |                       |
|---|---|-----------------------|
| (a) Revenue receipts—tax  | } | At existing<br>rates. |
| (b) Revenue receipts—non-tax; and   |   |                       |
| (c) Additional revenue resources through new measures of increase in tax rates. |   |                       |

403. It is our estimate that against the estimated receipts of Rs. 3,856.43 lakhs in the current year, it is possible to attain a figure of Rs. 7,186.37 lakhs in 1973-74. The measures required to raise additional resources have been dealt with in the following Chapter on "Additional Resources".

## CHAPTER IV

### ADDITIONAL RESOURCES

404. In an earlier Chapter, we have considered the high level of expenditure, particularly on development activities, in the Union Territories and the financial commitments of the Central Government on this score. In respect of the Union Territories with Legislatures we have shown that except for Pondicherry and Goa, Daman & Diu, none of the others have done much to raise domestic resources. For Territories like Dadra and Nagar-Haveli, the Laccadives, the Andamans and NEFA we have pointed out that general backwardness and other special factors place severe restraints on resource mobilisation. We have not made any mention of Delhi and Chandigarh in our earlier consideration of this problem. The picture in these metropolitan Territories is somewhat different from the others. Not only is the level of resources mobilisation much higher, but there is further scope in that direction.

405. In considering the question of resource mobilisation, our approach is that the Union Territories should set themselves the goal of achieving the rates of taxes and duties prevailing in the neighbouring States. While this should be the ultimate goal, due consideration will have to be given to the special circumstances of each Territory. Keeping this important qualification in mind, on the basis of resource potential, we may divide the Union Territories into the following groups :—

#### Group I

Those Territories where, for the present, scope for additional resources is negligible.	The Laccadive, Minicoy and Aminidivi Islands, Dadar and Nagar-Haveli and NEFA.
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#### Group II

The Territories where there is some potential for additional resources but this will entail considerable initial investment.	The Andaman and Nicobar Islands.
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#### Group III

Those Territories where there is scope for raising additional resources, but special factors like high cost of transportation, difficult terrain, influx of refugees, hostile action by Nagas, Mizos and Kukis, etc. make it difficult to achieve the desired pace of mobilisation.	Tripura and Manipur.
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#### Group IV

Those Territories where it is possible to achieve the rates of taxation in the neighbouring States subject to local variations.	(a) Pondicherry, Goa, Daman and Diu, and Himachal Pradesh. (b) Chandigarh and Delhi.
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406. In order to ascertain the scope for raising additional resources, we have examined the comparative rates of selected taxes and duties in the Union Territories and the neighbouring States. These are :—

- (i) Motor Vehicles Tax.
- (ii) Passenger and Goods Tax.
- (iii) Entertainment Tax.

- (iv) Sales Tax on Motor Spirit.
- (v) State Excise Duty; and
- (vi) General Sales Tax.

We have also taken into account some important sources of non-tax revenues such as Forests, Fisheries, etc. While we have generally indicated the direction in which steps should be taken for resource mobilisation, it has not always been possible to give an estimate of the revenues which will thus become available. Wherever feasible, however, we have indicated the exact potential of each source of revenue.

In the case of taxes like Motor Vehicles Tax, Entertainment Tax, Passenger and Goods Tax, etc. parity in tax rates with the neighbouring States is unlikely to lead to any adverse consequences. In other cases particularly sales Tax, however, certain other factors will have to be kept in view. None of the Union Territories, except Delhi, produces the commodities which are generally consumed there. Consequently, such commodities have to be imported into the Territory from producing centres, and in this process, they are liable to Central Sales Tax (general rate 3%). Moreover, because of their remote location, transportation costs are high and this factor adds considerably to the price of the goods. If local Sales Tax is also imposed, it may result in an abnormal rise in prices, and a consequential diversion of trade to areas where the incidence of taxation is lower. If this happens, it will ultimately result in lower tax returns for the Territorial Administrations. This is particularly true of goods with a high unit price where there is a greater incentive to evade payment of a high rate of tax. In the case of articles of general use, in which unit price is low, this factor may not, however, be of much importance. Even after taking into account the incidence of Central Sales Tax and high transport costs, in our view it is still possible to conceive of a small levy, which can retain a suitable margin of difference with the rates of tax in the neighbouring States.

#### *Group I*

##### *The Laccadive, Minicoy & Amindivi Islands*

407. Revenue receipts during the last five years as also the percentage of revenue to expenditure are as under :—

	(In lakhs Rs.)	Percentage of revenue to expenditure
1964-65 (Actuals)	1.49	1.2
1965-66 (Actuals)	1.23	0.9
1966-67 (Actuals)	5.62	3.8
1967-68 (R.E.)	3.67	2.5
1968-69 (B.E.)	3.50	2.0

With a total area of approximately 29 sq. kilometres and a population of 24,108 (1961 census), all belonging to the Scheduled Tribes, scope for raising additional resources is strictly limited.



408. The only resource of this Territory which may yield some revenue in future is fisheries, particularly Tuna. In the case of the Andaman & Nicobar Islands, a suggestion has been made for the formation of a Fisheries Corporation for commercial exploitation of fisheries. It may be possible to have a similar Corporation in the Laccadives. In due course, therefore, considerable revenue may accrue to this Territory through the exploitation of this resource.

#### *Dadra & Nagar-Haveli*

409. Revenue receipts during the last five years as also the percentage of revenue to expenditure are as under :—

	(In lakhs of Rs.)	Percentage of revenue to expenditure
1964-65 (Actuals)	13.02	3.0
1965-66 (Actuals)	12.92	3.8
1966-67 (Actuals)	14.51	4.0
1967-68 (R. E.)	16.13	4.0
1968-69 (B.E.)	15.97	3.7

410. The two main items of revenue are Forests and State Excise Duty. In the current year receipts from these sources are estimated at Rs. 6.50 lakhs and Rs. 5.50 lakhs respectively. With an area of 489 sq. kilometres and a population of only 57,963 (1961 census) consisting mostly of Adivasis, there is little scope for raising additional resources, except through minor adjustments in the two major items of revenue.

411. At present, the old Abkari Act promulgated by the Free Dadra & Nagar-Haveli Administration is in force. This Act only provides for the levy of licence fees for the sale of Indian made foreign liquor, country liquor, toddy, etc. and a Tree Tax. The Administration now proposes to promulgate a more comprehensive Excise Duty Regulation, which will provide both for a levy of duty on the sale of liquor and a licence fee. As a result of this step, the Administration estimates that excise revenue is likely to rise to about Rs. 8.80 lakhs per year. Some additional revenue may also accrue on account of assessment of land revenue, which is now in progress. As the rates have not been decided, it is difficult to make an assessment of the additional yields on this account.

#### *North East Frontier Agency*

412. Revenue receipts during the last five years as also the percentage of revenue to expenditure are as under :—

	(In lakh of Rs.)	Percentage of revenue to expenditure
1964-65 (Actuals)	70.20	3.0
1965-66 (Actuals)	83.43	3.8
1966-67 (Actuals)	109.07	4.0
1967-68 (R.E.)	105.84	4.0
1968-69 (B.E.)	107.47	3.7

413. The only item of revenue, which is of significance is Forests. Yields from this source during the last five years are as under :—

	(In lakhs of Rs.)
1964-65 (Actuals)	57.62
1965-66 (Actuals)	68.89
1966-67 (Actuals)	74.23
1967-68 (R.E.)	78.00
1968-69 (B.E.)	80.00

414. Considering the general backwardness of the area and the difficult conditions in which the people live, for the present, there is not much scope for raising additional resources. The entire territory is, however, covered with forest wealth (total area under forest estimated at 17,940 sq. kms.) and this is a potential source of revenue. In fact, the National Council of Applied Economic Research in its Techno-Economic Survey of NEFA has recommended topmost priority for the development of forests. With road development proceeding apace, it should be possible to simultaneously open up virgin areas for exploitation of forests.

#### Group II

##### *The Andaman & Nicobar Islands*

415. Revenues during the last five years as also the percentage of revenue to expenditure are as under :—

	(In lakhs of Rs.)	Percentage of revenue to expenditure
1964-65 (Actuals)	200.09	29.9
1965-66 (Actuals)	167.28	23.7
1966-67 (Actuals)	174.95	17.1
1967-68 (R.E.)	222.92	24.4
1968-69 (B.E.)	248.75	23.8

416. The most significant item of revenue is Forests. The yields from this source during the last five years are as follows :—

	(In lakhs of Rs.)
1964-65 (Actuals)	140.74
1965-66 (Actuals)	115.91
1966-67 (Actuals)	101.67
1967-68 (R.E.)	139.99
1968-69 (B.E.)	160.00

Approximately 77.8% of the land area is covered by forests. This is the chief natural resource of the Territory and in its exploitation lies the key to its development. In fact, the Administration has submitted proposals to the Government of India for the extraction of timber from the Little Andaman through private enterprise. It expects to raise additional revenue in the shape of royalty to the extent of Rs. 9.45 crores during a period of 30 years.

417. In its preliminary report on the Techno-Economic Survey of the Andaman & Nicobar Islands, the National Council of Applied Economic Research has pointed out that much of the forest area in this Territory is still virgin and that there is much scope for fuller exploitation and maximised development of this resource. In fact, it has recommended that the economy of the Territory should be wholly forest-oriented and all other land use must be ancillary to this factor. The Inter-Departmental Team on the Accelerated Development Programme set up by the Ministry of Rehabilitation, however, felt that in view of quicker returns and much larger scope of employment in agriculture, 40% of forests, which are situated on lands either flat or generally undulating, should be reclaimed for agriculture. Otherwise, this team has also recognised the importance of forestry in developing the economy of this Territory.

### Group III

#### Tripura

418. Revenue receipts during the last five years, as also the percentage of revenue to expenditure during the same period are given below :—

	(In takhs of Rs.)	Percentage of revenue to expenditure
1964-65 (Actuals)	132.41	9.0
1965-66 (Actuals)	118.78	7.4
1966-67 (Actuals)	108.60	6.5
1967-68 (R. E.)	169.99	7.6
1968-69 (B. E.)	140.32	6.3

419. Collections under "Taxes, Duties and Other Principal Heads of Revenues" during the last five years are as under :—

	(In lakhs of Rs.)
1964-65 (Actuals)	36.02
1965-66 (Actuals)	47.60
1966-67 (Actuals)	47.01
1967-68 (R. E.)	51.88
1968-69 (B. E.)	52.98

It will be noticed that there has been no significant increase during the last five years either in revenues in general or tax receipts in particular. There is nothing noteworthy in relation to receipts under non-tax heads.

420. In order to assess the scope for additional resources, we may consider the comparative rates of taxes prevailing in Tripura and West Bengal so as to ascertain whether any increase is possible.

421. *Motor Vehicles Tax.*—The rates of motor vehicle tax for vehicles for transport of goods and passengers (stage carriage) in Tripura and West Bengal are as under :—

	Tripura	@West Bengal
Goods carrier	ULW exceeding 5 tonnes Rs. 400/-	RLW 9 tonnes Rs. 1295/-
Passenger carrier (Stage carrier)-52 seater bus.	Rs. 185/-	Rs. 2550/-

422. In comparison to West Bengal and Manipur, the rates of motor vehicles tax in Tripura are quite low. There is, therefore, considerable scope for increase.

423. *Passenger & Goods Tax*.—This tax is neither levied in Tripura nor in West Bengal. However, considering that it is now levied in most other States, this tax may also be introduced in Tripura.

424. *Entertainment Tax*.—This tax is levied at 25% of the rate of admission in Tripura. In West Bengal, on an entrance upto Rs. 2.25 the rate of tax varies from 25% to 75%. Beyond Rs. 2.25 the rate of tax is 100%. In addition to Entertainment Tax, Show Tax is also leviable. In Calcutta the rate is 1½ paise for every person admitted; in other municipal areas, the rate is one paise and other places ½ paise for every person admitted. The rates of Entertainment Tax are quite low in Tripura and these should be suitably increased. In addition, Show Tax should also be introduced.

425. *Sales Tax on Motor Spirit*.—This tax is not levied in Tripura. The rates in West Bengal are 9 paise and 12 paise per litre for diesel oil and petrol respectively. There is scope for introducing this tax in Tripura. Even if we keep in view the extra burden this will cast on transport costs, the tax rate can be kept suitably low.

426. *Excise Duty*.—The rates of excise duty in Tripura and West Bengal are as under :—

	Tripura	*West Bengal
Foreign liquor	Rs. 10 - per proof litre	Rs. 20/- per proof litre
		Rs. 2.48 and Rs. 4.33 per bulk litre for Indian made wine and sparkling wine respectively, both not more than 42% of proof spirit in strength.
Beer	Rs. 0.50 per bulk litre.	Rs. 0.50 per bulk litre.
Country liquor	Rs. 3.35 per proof litre.	Rs. 0.56 to Rs. 8.82 per bulk litre according to area of supply and strength.

There is considerable scope for upward revision in the case of Tripura.

427. *Sales Tax*.—There is no Sales Tax in Tripura. Despite the fact that almost all its requirements are imported into the Territory and the fact that distance from the nearest rail-head imposes a high cost of transportation on all such goods, there is scope for imposing Sales Tax in the Territory. If the rates are kept suitably low, there will not be much burden on the general consumer. Moreover, the remoteness of the Territory

\*Source :—Government of west Bengal.

and bad communications will ensure that there is no adverse effect on trade. We, therefore, recommend that the introduction of Sales Tax on selected commodities should be considered urgently.

### Manipur

428. Revenue receipts during the last five years as also the percentage of revenue to expenditure are as under :—

Year	(In lakhs of Rs.)	Percentage of revenue to expenditure
1964-65 (Actuals)	83.42	12
1965-66 (Actuals)	89.02	9
1966-67 (Actuals)	114.25	9.1
1967-68 (R.E.)	165.66	10.1
1968-69 (B.E.)	215.48	11.9

429. The increasing trend under "Taxes, Duties and Other Principal Heads of Revenue" during the last five years will be evident from the following figures :—

	(In lakhs of Rs.)
1964-65 (Actuals)	33.66
1965-66 (Actuals)	38.67
1966-67 (Actuals)	48.05
1967-68 (R.E.)	77.90
1968-69 (B.E.)	104.60

430. The yields from the principal items under this head during the last three years are as under :—

Head	Actuals 1966-67	Revised Esti- mates 1967-68	Budget Esti- mates 1968-69
	Rs.	Rs.	Rs.
Land Revenue	12,52,185	49,00,000	68,95,000
Taxes on Vehicles	5,73,278	6,00,00	6,50,000
Sales Tax	19,17,807	13,00,000	18,00,000

431. In order to assess the scope for additional resources, we may briefly consider the rates of taxes prevailing in Assam and Manipur so as to ascertain whether there is scope for any increase.

432. *Motor Vehicles Tax.*—The Assam Motor Vehicles Tax Act, 1939 has been extended to Manipur. The rates of tax are the same both in Assam and Manipur. It does not, therefore, appear possible to affect any increase on this score.

433. *Passenger & Goods Tax.*—Passenger & Goods Tax is not levied in Manipur. At one stage, the levy of this tax was under consideration but the proposal was dropped on the advice of the Union Ministry of Transport. This advice was based on the recommendations of the Committee on Transport Policy and Co-ordination, which felt that Passenger

and Goods Tax should not be levied separately but should be consolidated with Motor Vehicles Tax as in Andhra Pradesh.

434. This is levied in @Assam at the following rates : —

(a) Passenger Tax	10%
(b) Goods Tax (Compound)	Rs. 1800

Considering that this tax is levied in the neighbouring State and many other States in the country, there does not appear to be any reason why it should not be levied in Manipur also. The Manipur Administration has estimated an yield of Rs. 5.65 lakhs per annum.

435. *Entertainment Tax*.—The Assam Amusement & Betting Tax Act has been extended to Manipur. Tax rates are the same in Assam and Manipur, except for Show Tax. In Manipur, Show Tax is levied at the rate of Rs. 2 per show. In Assam, the rate is 10% of the payment for admission excluding tax amount or Rs. 5 per show whichever is less. The Manipur Administration is considering an amendment of the rates of Show Tax to bring them in line with the rates prevailing in Assam. This step is likely to yield Rs. 18,000 per annum.

436. *Sales Tax on Motor Spirit*.—The rates of tax on motor spirit and other allied products are as under :—

	Manipur	Assam
Motor spirit . . . . .	12 paise per litre	13 paise per litre
Lubricants . . . . .	9 paise per litre	10 paise per litre
Diesel Oil . . . . .	7 paise per litre	9 paise per litre
Crude Oil . . . . .	1 paise per litre	1 paise per litre
Kerosene Oil . . . . .	3 paise per litre	2 paise per litre

@Source.—Report of the Road Transport Taxation Enquiry Committee.

The Manipur Administration is considering an increase in tax rates so as to achieve parity with Assam. The estimated yield of this step is Rs. 65,000 per annum.

437. *State Excise Duty*.—There is no State Excise Duty on liquor in Manipur. There is no reason why Excise Duty should not be introduced.

438. *Sales Tax*.—The rates of Sales Tax in Manipur and Assam are as under :—

Manipur		Assam
Under the Assam Sales Tax Act as extended to Manipur		Under the Assam Sales Tax Act
(a) Ordinary Goods	3 paise in the rupee.	(a) 5 paise in the rupee.
(b) Chillies	5 paise in the rupee.	(b) 6 paise in the rupee
(c) Special goods	10 paise in the rupee.	(c) 10 paise in the rupee
(d) Ready made garments other than :		(d) Ready made garments made of handloom cloth or cloth on which additional excise duty has been paid
(i) Fur coats,		1 paise in the rupee.
(ii) Garments made of pure silk cloth, and		
(iii) Garments sold at a price of Rs. 30/- per piece	1 paise in the rupee.	
(e) Declared goods.	Nil	(e) 3 paise in the rupee

In addition, in Assam, Sales Tax is levied at the first point in respect of another 64 items where the rates vary from 5 paise to 10 paise in a rupee.

439. The Manipur Administration proposes to increase the rate of Sales Tax on "ordinary goods" from 3 paise to 5 paise, and on "declared goods" from nil to 3 paise so as to achieve parity with Assam. These two measures are likely to yield Rs. 3.75 lakhs per annum.

440. In addition to these measures, the Manipur Administration should also consider the desirability of imposing a tax on items which are at present exempt from tax. It may, however, ensure that the tax rate is kept suitably low because of : (a) high cost of transportation, and (b) the general backwardness of the area and the inability of the people to bear a high incidence of tax. Diversion of trade to areas outside the Territory is unlikely because of inaccessibility of alternative markets in Assam.

#### Group IV

##### Pondicherry

441. Revenue receipts during the last five years as also the percentage of revenue to expenditure are as under :—

	(In lakhs of Rs.)	Percent- age of revenue to expendi- ture
1964-65 (Actuals)	185.20	40.6
1965-66 (Actuals)	196.73	36.3
1966-67 (Actuals)	242.50	45.7
1967-68 (R.E.)	269.47	45.7
1968-69 (B.E.)	293.54	38.9

442. Collections under Taxes, Duties and other Principal Heads of Revenue" during the last five years are as under :—

(In lakhs of Rs.)

1964-65 (Actuals)	108.09
1965-66 (Actuals)	110.46
1966-67 (Actuals)	133.24
1967-68 (R.E.)	133.68
1968-69 (B.E.)	151.77

443. State Excise Duty and Sales Tax are the two most important items under this Head. In the current year, yields from these sources are estimated at Rs. 93.74 lakhs and Rs. 24 lakhs respectively. There is nothing noteworthy in relation to receipts under non-tax heads.

444. In order to assess the scope for additional resources, we may consider the comparative rates of taxes prevailing in Pondicherry and Madras so as to ascertain whether any increase in rates or the imposition of new taxes is possible.

445. *Motor Vehicles Tax.*—Motor Vehicles Tax is not levied in Pondicherry. Although the Motor Vehicles Act, 1939 and the Delhi Motor Vehicles Act, 1940 have been extended to Pondicherry, a saving clause in the Extension Order states that the provisions of these two Acts as extended to Pondicherry in so far as they relate to the levy of any fee, shall not have any effect in Pondicherry.

446. The rate of tax in \*Madras is as under :—

- (a) Public Carrier . . . . . RLW 9 tonnes  
Rs. 2400/-
- (b) Passenger carrier-52 seater bus . . . . . Rs. 7280/-

There is no reason why this tax cannot be introduced in Pondicherry with rates, more or less, identical with Madras.

447. *Passenger and Goods Tax.*—This tax is not levied in Pondicherry. In \*Madras the rate of tax for passenger vehicles (stage carriage) is 10 paise in a rupee; Goods Tax (compounded) is leviable at Rs. 450. As in the case of Motor Vehicles Tax there is scope for introducing this tax in Pondicherry.

448. *Entertainment Tax.*—Entertainment tax is not levied in Pondicherry. In Madras, the rate varies from 25% to 40% of the rate of entrance. In addition, a Show Tax is also leviable at the rate of Rs. 2 per show for permanent theatres and Re. 1 per show for touring theatres. Both these taxes should be introduced in Pondicherry.

449. *Sales Tax on Motor Spirit.*—In Pondicherry, Sales Tax on motor spirit and high speed diesel oil is charged at the rate of 3%, while the rate

\*Source:—Report of the Road Transport Taxation Enquiry Committee.



in Madras is 10 paise per litre. As there is considerable difference in the rates of this tax between Pondicherry and Madras, there should be no difficulty in increasing the rate in Pondicherry to 6 or 7%.

450. *State Excise Duty*.—The rate of excise duty in Pondicherry is as under :—

(i) All liquors whether of Indian or foreign manufacture or imported.	Rs. 13.50 per proof litre.
(ii) Wines and cider . . . . .	Rs. 0.12 per bulk litre.
(iii) Beer . . . . .	Rs. 0.16 per bulk litre.

As there is total prohibition in Madras, comparative rates cannot be given. However, in comparison to the rates prevailing in Mysore and other areas, the rates of excise duty appear to be, more or less, adequate.

451. *Sales Tax*.—The Pondicherry General Sales Tax Act, 1965 was enforced with effect from 1-4-1966. However, in February, 1967, the Supreme Court declared the Act *ab initio* void. Thereafter, fresh legislation had to be undertaken to revalidate the Act. The new Act has been brought into force with effect from 2-11-1967.

452. In comparison to the tax rates prevailing in Madras, the rates in Pondicherry are low; e.g., luxury goods are taxed at 10% in Pondicherry while the tax rate is 12% in Madras. Moreover, there is a long list of exempted goods in Pondicherry which are subject to tax in Madras. In our view, with a judicious increase in tax rates, considerable additional revenue can accrue to Pondicherry. It will, however, be necessary to retain a suitable differential in tax rates between Madras and Pondicherry to prevent diversion of trade.

453. *Other Sources of Revenues*.—We are informed that the Administration is already thinking of introducing taxes on motor vehicles, passenger and goods and on entertainment. In addition, it is contemplating the following measures :—

- (i) Levy of Excise Duty on denatured spirit.
- (ii) Levy of Electricity Duty.
- (iii) Extension of the Indian Stamp Act, 1899 and the Indian Registration Act, 1908 to the Territory.

It is estimated that the cumulative effect of all these measures will be an additional revenue of Rs. 53.10 lakhs per annum.

454. It may be mentioned that under the Pondicherry (Extension of Laws) Act, 1967 both the Indian Stamp Act and Indian Registration Act have now been extended to the Territory.

## Goa, Daman &amp; Diu

455. Revenue receipts during the last five years as also the percentage of revenue to expenditure are as under :—

	(In lakhs of Rs.)	Per-centage of revenue to expenditure
1964-65 (Actuals)	279.05	25.0
1965-66 (Actuals)	399.51	27.0
1966-67 (Actuals)	421.53	27.0
1967-68 (R.E.)	468.98	20.8
1968-69 (B.E.)	536.00	24.4

456. Collection under "Taxes, Duties and Other Principal Heads of Revenue" during the last five years are as under :—

(In lakhs of Rs.)

1964-65 (Actuals)	95.12
1965-66 (Actuals)	226.41
1966-67 (Actuals)	238.40
1967-68 (R.E.)	242.80
1968-69 (B.E.)	265.90

457. The most important items under this Head are Sales Tax, State Excise Duty and Taxes on Vehicles. In the current year, yields from these sources are estimated at Sales Tax—Rs. 120.00 lakhs, State Excise Duty—Rs. 75.00 lakhs, Taxes on Vehicles—Rs. 35.00 lakhs. There is nothing noteworthy in receipts under non-tax heads.

458. In order to assess the scope for additional resources, we may consider the comparative rates of taxes prevailing in Maharashtra and Mysore so as to ascertain whether any increase in rates or the imposition of new taxes is possible.

459. *Motor Vehicles Tax.*—The rates of motor vehicles tax in Goa, Maharashtra and Mysore are as under :—

	Goa	*Maharashtra	*Mysore
	Rs.	Rs.	Rs.
Goods Carrier RLW 9 tonnes	900	1,520	2,600
Passenger vehicles (Stage Carrier) 52 Seater	1,250	2,880	7,280

\*Source:—Report of Road Transport Taxation Enquiry Committee.

There is considerable difference in the rates of this tax in Goa and the neighbouring States. It should be possible to increase the rates so as to reach the rates prevailing, at least, in Maharashtra.

460. *Passenger & Goods Tax.*—This tax is not levied in Goa. The rates in Maharashtra and Mysore are as under :—

	*Maha- rashtra	*Mysore
Passenger Tax . . . . .	20%	10%
Goods Tax (compounded)	Rs. 720	Rs. 450

\*Source—Report of Road Transport Taxation Enquiry Committee.

There is scope for introducing this tax in Goa also. In the first instance the Mysore rates can be adopted.

461. *Entertainment Tax.*—In Goa, for an entrance upto Re. 1 no tax is levied. Thereafter, the tax rate varies from 25% to 30%. In Maharashtra, for the cities of Bombay, Poona, Sholapur and Nagpur the rates of Entertainment Tax vary from 37½% to 65% of the entrance and from 32½% to 60% in all other cases. In Mysore, the rates of Entertainment Tax vary from 25% to 35%.

462. Considering the low rates of this tax in Goa, there should be no difficulty in affecting an increase, at least, up to the Mysore rates.

463. *Sales Tax on Motor Spirit.*—In Goa, both motor spirit and high speed diesel oil are liable to Sales Tax at the rate of 5%. Tax rates in Maharashtra and Mysore are as under :—

	Maha- rashtra	Mysore
High speed diesel oil . . . . .	6%	5%
Motor spirit . . . . .	11%	9%

There is no reason for taxing these commodities at considerably lower rates in Goa. An effort should be made to reach parity with Mysore in the first instance.

464. *State Excise Duty.*—The rates of duty in Goa, Maharashtra and Mysore are as under :—

	Goa	Maharashtra	Mysore
(i) Foreign liquor .	Rs. 9 per proof litre	Rs. 15·00 per proof litre.	Rs. 17 per proof litre.
(ii) Beer	Rs. 0.75 per bulk litre	Rs. 2.10 per proof litre of alcoholic content.	Rs. 1.15 per bulk litre.
(iii) Country liquor	Re. 1 per proof litre.	Nil (prohibition)	From Rs. 2·75 to Rs. 3 per bulk litre.

The rates of Excise Duty in Goa are quite low and there is scope for increase.

465. *Sales Tax*.—The general pattern of Sales Tax in Goa is as under :—

	Rate
(i) Luxury goods such as motor vehicles, refrigerators, wireless, cine-matic equipment, cameras, clocks, steel safes, almirahs, type-writers, etc. . . . .	10%
(ii) Items mentioned in Schedule III of the Sales Tax Act which include items like groundnut oil, coconut oil, kerosene oil, hides and skins, coal, cotton, etc. . . . .	3%
(iii) Articles for domestic consumption including cereals, pulses, bread, meat, eggs, vegetables, fruits, sugar, salt, books and periodicals, charcoal, matches, tobacco, etc. . . . .	Tax free
(iv) All other goods such as readymade garments, ornaments sweetmeats, umbrellas, sanitary goods, furniture, vegetable oils, medicinal preparations, cement tyres and tubes . . . . .	5%

466. The rates of Sales Tax on luxury items in Maharashtra vary from 10 to 14%; the general rate in Mysore is 11%.

467. Regarding articles mentioned at (ii) above, the rates in Maharashtra are, more or less, the same as in Goa, while they are slightly lower in Mysore. The number of tax free articles in Goa and Maharashtra is about the same, but the number is lesser in Mysore. Regarding the articles, which are taxed at 5% in Goa, the rates of tax in Maharashtra and Mysore vary considerably.

468. It should not be difficult to achieve the rates of sales tax levied in Maharashtra, although this may have to be properly phased out. In fact, the Goa Administration are already thinking on these lines.

#### *Himachal Pradesh*

469. Revenue receipts during the last five years as also the percentage of revenue to expenditure are as under :—

	Revenue receipts (In lakhs of Rs.)	Percentage of revenue to expenditure
1964-65 (Actuals)	752.46	39.4
1965-66 (Actuals)	825.69	37.0
1966-67 (Actuals)	1,066.18	26.4
1967-68 (R.E.)	1,355.96	19.2
1968-69 (B.E.)	1,443.38	19.0

470. Collections under "Taxes, Duties and Other Principal Heads of Revenue" during the last five years are as under :—

	(In lakhs of Rs.)
1964-65 (Actuals)	104.55
1965-66 (Actuals)	117.37
1966-67 (Actuals)	239.90
1967-68 (R.E.)	364.43
1968-69 (B.E.)	376.48

471. The most important items under this head are State Excise Duty, Sales Tax, Land Revenue and Other Taxes and Duties. In the current year, yields from these sources are estimated at : State Excise Duty—Rs. 201.12 lakhs, Sales Tax—Rs. 40.00 lakhs, Land Revenue—Rs. 44.20 lakhs and Other Taxes & Duties—Rs. 50.00 lakhs (under this head, taxes on goods and passengers alone account for Rs. 35.06 lakhs).

472. Unfortunately, after the reorganisation of Himachal Pradesh in 1966, the trend has been towards a reduction of tax rates in the newly merged areas. Firstly, the Administration reduced the rates of general sales tax; thereafter, it has reduced the rates of Passenger and Goods Tax and Sales Tax on motor spirits. It has only undertaken one new taxation measure during this period, viz. the levy of Property Tax on urban immovable property; this measure is expected to yield an additional income of about Rs. 2 lakhs per annum.

473. Under non-tax heads, Forests are the most important; revenue yields under this head during the last five years are as under :—

(In lakhs of Rs.)

1964-65 (Actuals)	354.61
1965-66 (Actuals)	407.53
1966-67 (Actuals)	460.17
1967-68 (R.E.)	519.00
1968-69 (B.E.)	550.00

474. In order to assess the scope for additional resources, we may consider the comparative rates of taxes prevailing in the neighbouring States, particularly Punjab.

475. *Motor Vehicles Tax.*—The rates of Motor Vehicles Tax in Himachal Pradesh, \*Punjab and \*Delhi are as under :—

	Public Carrier	Stage Carriage
Himachal Pradesh	ULW 4 tonnes— Rs. 400/-	Rs. 700/- (more than 32 seats).
Punjab	9 tonnes RLW Rs. 594/-	Rs. 2,750/- 52 seater).
Delhi	9 tonnes RLW Rs. 600/-	Rs. 2220/- 50 seater)

The tax rate in Himachal Pradesh is considerably lower than in Punjab and Delhi. There is even greater disparity in comparison to the rates prevailing in States like Rajasthan and Uttar Pradesh. The rates of this tax must, therefore, be suitably stepped up in Himachal Pradesh.

476. *Passenger & Goods Tax.*—This tax is levied at the following rates :—

Old Himachal Pradesh	Passenger tax	1/12th of fare.
	Goods tax	Rs. 600/- per annum.
Merged areas (Punjab rates)	Passenger tax	1/6th of fare.
	Goods tax	Rs. 1,215/- per annum.

\*Report of the Road Transport Taxation Enquiry Committee.

477. Under the Himachal Pradesh Passengers and Goods Taxation (Amendment & Extension) Act, 1968, the Himachal Pradesh Administration seeks to impose a uniform rate of passenger and goods tax throughout the Territory. The new rate will be 1/10th of the fare instead of different rates in old Himachal Pradesh and the merged areas. As this measure entails a reduction in the tax rate in the merged areas, there will be a slight drop in overall revenues. While the unification of tax laws is commendable, there is no justification for applying a rate which will result in a drop in revenues. In fact, this tax should be uniformly levied at the Punjab rates.

478. *Entertainment Tax.*—The rates of Entertainment Tax, both in Himachal Pradesh and the merged areas, is 50% of the entrance. In the merged areas, in addition to Entertainment Tax, a Show Tax is also levied at the rate of Rs. 10 per show. Under the Himachal Pradesh Entertainment Tax (Cinematographic Shows) Act, 1968, it is now proposed to extend Show Tax uniformly throughout the Territory. This measure is expected to yield an income of Rs. 25,000 per annum.

479. *State Excise Duty.*—The rates of State Excise Duty in Himachal Pradesh and Punjab are as under :—

	Himachal Pradesh	Punjab
Foreign Liquor . . . . .	Rs. 18/- per proof litre.	Rs. 20 per proof litre.
Country liquor . . . . .	Rs. 8/- per proof litre.	Rs. 17·60 per proof litre.
Beer . . . . .	Re. 0·50 per bottle.	Re. 1 per bottle.

480. The total receipts under this head in Himachal Pradesh from 1966-67 are as under :—

	(Rs. in lakhs)
1966-67 . . . . .	115·49
1967-68 (R.E.) . . . . .	198·01
1968-69 (B.E.) . . . . .	201·12

During the same period receipts in Punjab are as under :—

	(Rs. in lakhs)
1966-67 . . . . .	1,295·00
1967-68 (R.E.) . . . . .	1,445·00
1968-69 (B.E.) . . . . .	1,500·00

481. In order to appreciate the actual increase in receipts in the case of Punjab, it will have to be remembered that the figures for 1966-67 are made up of receipts upto the 31st of October, 1966 for the undivided State and thereafter for the truncated State after its re-organisation. The figures for 1967-68 and 1968-69, on the other hand, relate only to the re-organised State which is less than half the area of the parent State. This demonstrates the tax potential of this source of revenue. Although it may

not be immediately possible to achieve the rates prevailing in Punjab, every effort must be made to tap this excellent source of revenue.

482. *Sales Tax on Motor Spirit*.—Sales Tax on motor spirit is levied at the rate of 7 paise per litre in the old Himachal Pradesh and 9 paise per litre in the merged areas. Under the Himachal Pradesh Motor Spirit (Taxation of Sales) Act, 1968, the tax rate is now being made uniform at 7 paise per litre. The Himachal Pradesh Administration expects that the loss on account of reduction in the tax rate in the merged areas is likely to be off-set by increased sales along the borders with Punjab, particularly Kangra. As in the case of Passenger and Goods Tax, there is no justification for lowering the tax rate. In fact, the Punjab rates should be uniformly introduced throughout the Territory.

483. *Sales Tax*.—In Himachal Pradesh, only 19 luxury goods are subject to payment of Sales Tax at the rate of 10%. In the merged areas, sales tax is levied on the following categories of goods viz. :—

General goods	3%
Food-grains	1½%
Luxury goods	10%

Originally, under the Punjab General Sales Tax Act, 1948, the rates of tax on general goods and foodgrains in the merged areas were 6% and 1½% respectively. After their merger in Himachal Pradesh in 1966, these rates were reduced to 3% and ½% respectively. The effects of this on revenues is as under :—

	(Rs. in lakhs)
1966-67	33.09
1967-68 (B.E.)	40.41
1967-68 (R.E.)	24.49
1968-69 (B.E.)	30.90

484. As in the case of the two other taxes mentioned above (paragraphs 476 and 482), instead of increasing rates in old Himachal Pradesh, the 1966 re-organisation has meant a lowering of taxes in the merged areas. In any case, for a Territory of the size and population of Hamachal Pradesh, the revenues from Sales Tax are meagre. The main reason is that in a major part of the Territory, except for luxury goods, Sales Tax is not levied on other items. Even if we concede that Himachal Pradesh has to import most of the commodities consumed within the Territory, and as a consequence has to pay Central Sales Tax, this is no justification for failure to extend General Sales Tax throughout the Territory. We, therefore, recommend that a comprehensive General Sales Tax should be imposed in this Territory, and the rates of tax should, as far as possible, be comparable with the rates prevailing in Punjab.

485. *Other Taxes*.—Under the Punjab Professions, Trades, Callings and Employment Act, 1956, profession tax is levied in the merged areas at the rate of Rs. 120 to Rs. 250 on incomes ranging from Rs. 6,000 to Rs. 25,000. Revenue during 1968-69 is estimated at Rs. 2.45 lakhs. This tax is not levied in the old Himachal Pradesh areas. There is, therefore,

a demand for its abolition in the merged areas. Not only should this demand be resisted, but Profession Tax should be extended throughout Himachal Pradesh.

486. Under the Punjab Urban Immovable Property Tax Act, 1940, it is estimated that revenue in the current year will be Rs. 3.52 lakhs. It is now proposed to have a uniform tax throughout the Territory, and for this purpose the Himachal Pradesh Urban Immovable Property Tax Act, 1968 has been enacted. It has received the assent of the President on the 30th April, 1968. The Act will be enforced on a date to be notified by the Administration. An additional amount of Rs. 2 lakhs per annum is expected from this measure.

487. *Tax on Orchard Crops.*—Himachal Pradesh is gifted with a variety of agro-climatic conditions due to different elevation zones, which makes it an ideal region for growing many types of fruits. For the purpose of fruit growing, this territory can be broadly divided into four zones, viz. :—

Particulars	Range of elevation (above sea level)	Important fruits that can successfully be grown
1. Low hills and Valley Areas	1200 to 3000 ft. (316 to 915 metres)	Sub-tropical fruits, like litchi, loquat, guava, etc.
2. Mid Hills	3000 to 5000 ft. (915 to 1525 metres)	Stone fruits like peach, plum, apricot, persimmon, pears, (hard varieties), pomegranate etc.
3. High Hills	5000 to 800 ft. (1525 to 2745 metres)	Apple, cherry, pears (soft types), walnuts, chestnuts, etc.
4. Cold and Dry zone	5000 to 10000 ft. (1525 to 3050 metres)	Prunes, drying varieties, of apricots, almonds, raisin grapes, chilgoza, etc.

488. At the beginning of the First Five Year Plan, there were only 1,850 acres under orchard crops. This area had increased upto 55,000 acres by the end of the Third Five Year Plan. It is now estimated that at the end of 1968-69 the total area under orchards will be 80,050 acres. The production of fruits is estimated to have increased from 70,000 quintals at the end of the First Plan to 8 lakh quintals at the end of 1968-69.

489. It is proposed to bring another 60,000 acres under orchards during the Fourth Plan period; the estimated production will then be 24.50 lakhs quintals.

490. The Agriculture Department of the Himachal Pradesh Administration estimates that a well maintained apple orchard gives a gross income of Rs. 12,000 to Rs. 15,000 per acre. Similarly, a well maintained orchard of stone fruits, particularly peaches, yields a gross income of about



Rs. 5,000 per acre, and of citrus and other subtropical fruits an income of about Rs. 2,000 per acre.

491. It is evident that orchard crops play a dominant part in the economy of this Territory. Significantly, orchard crops are not subject to any kind of tax either at the production stage or thereafter. This situation is sought to be justified on the score that orcharding is in its infancy, and consequently, it must not be discouraged through taxation. While there may be some force in this argument, the poor record of this Territory in relation to resource mobilisation cannot be lost sight of. Had Himachal Pradesh been a State, in view of its meagre financial resources, it would have been forced to tap this obvious source of revenue. It is only because of the easy availability of Central assistance, that it has been able to ignore such a good source of revenue. In all fairness, therefore, the Himachal Administration must levy a suitable tax on the orchard crops grown in the Territory. We would suggest a tax in the nature of an Agricultural Income Tax. Although, the machinery required for this purpose may be somewhat elaborate, this tax has the advantage of permitting suitable exemptions in the case of small or new orchards where it is desired to give some encouragement to this new activity. Alternatively, a simpler method can be to bring orchard crops within the purview of Sales Tax. Whichever of these alternatives is chosen, no time should be lost in tapping this source of revenue.

492. Although we have not been able to make any estimate of the likely yields from this measure, we may mention that while speaking in the Himachal Pradesh Vidhan Sabha on the Resolution for Statehood for the Territory on the 24th January, 1968, the Chief Minister stated that his Administration could raise a revenue of anything between Rs. 6 to 8 crores per year in the shape of Produce and Purchase Tax. The immense potential of this source of revenue will be evident when it is remembered that in 1968-69 (B.E.) the total revenue receipts of this Territory amounted to Rs. 14.43 crores.

#### *Chandigarh*

493. Revenue receipts during the last three years as also the percentage of revenue to expenditure are as under :—

	(In lakhs of Rs.)	Percentage of revenue to expenditure
1st November, 1966 to 31st March, 1967 (Actuals)	84.91	18.0
1967-68 (R. E.)	358.12	47.6
1968-69 (B. E.)	460.91	50.8

494. Collections under "Taxes, Duties and Other Principal Heads of Revenue" during the same period are as under :—

	(In lakhs of Rs.)
1966-67 (Actuals)	56.26
1967-68 (R. E.)	194.41
1968-69 (B. E.)	207.45

495. The most important items under this head are Sales Tax, State Excise Duty, and "Other Taxes and Duties". In the current year, yields from these sources are estimated at : Sales Tax—Rs. 96.96 lakhs, State Excise Duty—Rs. 45.00 lakhs and Other Taxes and Duties—Rs. 51.12 lakhs. Receipts under non-tax heads are not of importance. The sale price of developed plots of land is included under "recoveries" in the Capital Budget. In the current year such recoveries will amount to Rs. 98.70 lakhs.

496. Tax rates in Chandigarh are identical with those in Punjab. In fact, the enactments of the erstwhile State of Punjab are still in force in this Territory. It may not, therefore, be possible to increase taxes so long as there is no corresponding increase in Punjab and also Haryana. We are informed that, on the other hand, both in Haryana and Punjab, there has been a reduction in the rates of some taxes and duties since the fourth general elections. For the present, therefore, there is not much scope for increasing revenues in Chandigarh. With the development of the town, however, income from sale of plots will go up considerably.

#### *Delhi*

497. Revenue receipts during the last five years as also the percentage of revenue to expenditure are as under :—

	(In lakhs of Rs.)	Percent- age of revenue to expendi- ture
1964-65 (Actuals)	2,069.37	45.9
1965-66 (Actuals)	2,357.11	43.5
1966-67 (Actuals)	2,866.14	48.1
1967-68 (R.E.)	3,295.02	50.3
1968-69 (B.E.)	3,630.38	51.7

498. Collections under "Taxes, Duties and Other Principal Heads of Revenue" during the last five years are as under :—

(In lakhs of Rs.)

1964-65 (Actuals)	1,882.53
1965-66 (Actuals)	2,180.98
1966-67 (Actuals)	2,633.22
1967-68 (R.E.)	2,923.59
1968-69 (B.E.)	3,243.85

499. The most important items under this head are Sales Tax, State Excise Duty, Other Taxes & Duties, and Motor Vehicles Tax. In the current year yields from these sources are estimated at : Sales Tax—Rs. 199.70 lakhs, State Excise Duty—Rs. 340.00 lakhs, Other Taxes & Duties—Rs. 569.98 lakhs and Tax on Vehicles—Rs. 159.00 lakhs.

500. Revenues under Sales Tax during the last five years are as under :—

(In lakhs of Rs.)

1964-65 (Actuals)	1,108.81
1965-66 (Actuals)	1,244.37
1966-67 (Actuals)	1,557.94
1967-68 (R.E.)	1,802.94
1968-69 (B.E.)	1,997.70

501. In the case of other Union Territories in this Group, we have compared the rates of taxes and duties in the neighbouring States, and on that basis, we have made general recommendations for mobilization of additional resources in the Territories under consideration. In Delhi, however, the Administration, has for some time, been systematically studying all available sources of revenues so as to achieve maximum resources mobilization. It is estimated that the cumulative effect of all the proposals under consideration will be an increase in revenue of Rs. 238.26 lakhs per annum. This is the minimum that the Delhi Administration must do towards resources mobilisation. The proposals under consideration are discussed briefly in the following paragraphs.

502. **Taxes on Vehicles.** Two proposals are under consideration, viz., (a) introduction of Passenger & Goods Tax, and (b) enhancement of the existing rates of Motor Vehicles Tax.

- (a) **Passenger & Goods Tax.** Passenger & Goods Tax is not levied in Delhi. The rates of this tax in Punjab and Uttar Pradesh are as under :—

	*Punjab	*U.P.
Goods Tax (Compounded) per annum	Rs. 1,215/-	Rs. 2,520/-
Passenger Tax	25%	10%

Levy of Goods Tax at the rate of Rs. 500 per annum (Rs. 25/- per day for trucks visiting Delhi casually) and Passenger Tax at the rate of 10% in Delhi is expected to yield a revenue of Rs. 83.35 lakhs per annum.

- (b) **Motor vehicles Tax.** Tax rates in Delhi, Punjab and Uttar Pradesh are as under :—

	*Delhi	*Punjab	*U.P.
	Rs.	Rs.	Rs.
Goods vehicles 9 tonnes RLW	600	594	1,762
Passenger vehicles—52 seater bus	2,220	2,750	2,655

\*Source—Report of the Road Transport Taxation Enquiry Committee.

An increase of 25% in the prevailing rates in Delhi is contemplated. This step is expected to fetch an additional revenue of Rs. 30 lakhs per annum.

**503. Sales Tax.** The main items under consideration are : (a) levy of Sales Tax on match-boxes, kerosene oil and cotton, wollen and artificial silk fabrics, all items which are presently exempt from this tax, and (b) enhancement of rates of Sales Tax on petrol and high speed diesel oil. The cumulative effect of these measures will be an additional revenue of Rs. 45.50 lakhs per annum. The proposals are discussed below :—

- (a) **New levies.** In U.P. and Rajasthan, both kerosene oil and matches are subject to Sales Tax at the rate of 7%; in Punjab, these items are exempt. In Delhi it is now proposed to levy a tax at 5% on both items. This measure will yield :—

Match Boxes . . . . .	Rs. 5.04 lakhs per annum
Kerosene oil . . . . .	Rs. 11.92 lakhs per annum

Cotton, woollen and silk fabrics are not subject to additional excise duty, and hence, can be brought within the purview of Sales Tax. It is proposed to levy a tax at the rate of 10% and this is expected to yield Rs. 25 lakhs per annum.

- (b) **Enhancement of Rates.** In order to bring uniformity in the incidence of Sales Tax on petrol and high speed diesel oil in Delhi and the neighbouring States, it is proposed to enhance the rate from 7% to 10%. This measure will yield :—

Petrol . . . . .	Rs. 2.17 lakhs per annum
H.S.D. Oil . . . . .	Rs. 1.37 lakhs per annum

**504. Stamp Duty.** The existing rates of Stamp Duty in Delhi correspond to the schedule of rates prevailing in Punjab in 1958. Although the Punjab Government enhanced these rates in 1960, there was no corresponding increase in Delhi. Except for Stamp Duty on conveyances, it is now proposed to bring the general rates of Stamp Duty in Delhi on par with the rates prevailing in Punjab. This measure is expected to yield an additional revenue of Rs. 50.00 lakhs per annum.

**505. Non-tax Revenues.** Under non-tax heads of revenues, the following proposals are under consideration :—

(In lakhs of Rs.)

	Existing rates	Proposed rates	Anticipated additional revenue
1	2	3	4
(i) Shops and establishments :			
(a) Registration fee . . . . .	Re. 1 to Rs. 20 (varying according to number of employees)	Rs. 5 to Rs. 100	0.50
(b) Renewal fee . . . . .	Nil	Rs. 5	1.25

1	2	3	4
(ii) Enhancement of fees on application forms for employment.			
(a) Police . . . . .	Re. 1	Rs. 3	0.16
(b) Others . . . . .	Rs. 0.50	Rs. 2	
(c) Scheduled Castes and Scheduled Tribes . . . . .	Nil	Rs. 0.50	
(iii) Weights and Measures (Stamping Duty) . . . . .	Rs. 0.15 to Re. 1	To be raised on an average by 70% to 75%	1.50
(iv) Education Fee in Higher Secondary Schools . . . . .	Rs. 40 lakhs per annum	10% enhancement.	4.00
(v) Medical Fee on outdoor/indoor patients . . . . .	Nil	Outdoor—Rs. 0.25 per patient Indoor—Rs. 1.50 per patient	12.00
(vi) Lotteries (On the lines of the Kerala State Lottery and other similar lotteries) . . . . .	Nil	Nil	
<b>TOTAL</b> . . . . .			<b>29.41</b>

**506. Entertainment Tax.** In 1951, Delhi's population was 17.44 lakhs. In 1961, it was 27.03 lakhs. The population in 1966 is estimated at 34.66 lakhs.

**507.** In 1951, the number of cinema houses in the Union Territory was 31; in 1966, the number increased to 40. Obviously, the increase in cinema halls has not kept pace with the increase in population. This has a direct bearing on yields from Entertainment Tax. The revenue figures for the last three years are :—

(In lakhs of Rs.)

1966-67 (Actuals) . . . . .	99.96
1967-68 (Preliminary Actuals) . . . . .	102.98
1968-69 (B.E.) . . . . .	105.00

The rates of entertainment tax have been increased in the current year from 25% of the entrance to 40%. The anticipated increase in revenue on this account is not reflected in the figures for 1968-69 (B.E.). It is estimated that additional revenue that will accrue in 1968-69 (10 months) on account of increased rates will be Rs. 52.50 lakhs. If, in addition, more cinema halls are licenced, there can be a considerable increase in revenues. An estimate is difficult because much will depend on the number of additional cinema halls actually licenced and their location.

**508. State Excise Duty.** In 1956, Delhi embarked on a phased programme to achieve complete prohibition by the end of Third Five Year Plan  
L8Dept. of AR/68—10

There were seven country liquor shops in 1955-56, and as a result of this policy, the number of shops was gradually reduced to one in 1967-68.

509. On a reappraisal of the policy of prohibition, the Administration has now licenced three country liquor shops in the current year. In terms of licence fee this has meant an increase in revenue of Rs. 42.29 lakhs as will be evident from the following figures :—

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Licencee fee for one country liquor shop in 1967-68	.	.	Rs. 32.01 lakhs
Licence fee for three country liquor shops in 1968-69	.	.	Rs. 74.30 lakhs.
Increase in licence fee	.	.	Rs. 42.29 lakhs.

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As a concession to the policy of prohibition, however, the quantity of country liquor issued to the licencees for sale will be the same as for the previous year even though the number of shops has increased threefold. As a result, the duty on the sale of country liquor will remain constant.

510. When the policy of prohibition was initiated in 1956-57, bar licences were replaced by licences for retail sale of foreign liquor. The 27 licences issued in that year continue to date. In 1967-68, each licensee paid a fee of Rs. 2,000 per annum. This fee has now been enhanced to Rs. 1 lakh. In other words, instead of annual revenue of Rs. 54,000 on account of licence fee, the Administration will now get Rs. 27 lakhs. Similarly, the licence fees for other types of liquor vends have been enhanced. It is expected that the revision of licence fees will yield an additional revenue of Rs. 36.22 lakhs in all. The licence fees for sale of poppy heads and "bhang" have also been enhanced. This measure is expected to yield an additional revenue of Rs. 4.57 lakhs.

511. While the cumulative effect of the above measures is estimated to yield an additional revenue of Rs. 83.08 lakhs, we are afraid that it may be difficult to sustain in subsequent years the same level of revenue from this source. With only three licensed shops for a population approaching 37 lakhs and restrictions on the quantity of liquor available for sale, it is unlikely that the licence fee obtained in subsequent years will be anywhere near that obtained in the current year. Moreover, the high price of country liquor in Delhi has encouraged illicit distillation and smuggling from the neighbouring States where prices are considerably lower. Unless, therefore, a larger number of shops is licensed with a much more liberal sale quota, there may be a drop in the revenue from country liquor.

512. The position in respect of retail vends for foreign liquor is similar. The sharp increase in licence fee has pushed up the retail prices of liquor to an extent that smuggling from neighbouring States has become a problem. Moreover, it is feared that there may be a consequent drop in sales, which will not only have an adverse effect on the duty accruing to the Delhi Administration, but also on the future prospects of finding licensees to take up these vends at the current licence fee. It may, therefore, be necessary to suitably adjust the licence fee and at the same time, increase the number of vends to increase competition and keep down retail prices.

## CHAPTER V

### ECONOMY

513. In earlier Chapters we have already commented on the tendency towards over staffing and the expansion of governmental paraphernalia in the Union Territories. When economy in expenditure is not a matter of concern for the Territorial Administrations, there is no incentive to economise in staff or other governmental activities. As a result the Union Territories employ on an average three times more staff than the States.

514. While economy is in itself a desirable objective for any government or organisation, it is an imperative for the Union Territories with Legislatures if they are to make a success of the financial arrangements we have recommended for them. With inelastic sources of revenue, economy in expenditure will be the one reliable method of obtaining additional funds for developmental expenditure. In fact, the Planning Commission have decided that in the event of any State or Union Territory being able to mobilize additional resources, either through fresh levies or economy in expenditure, the annual plan outlay of the concerned State or Territory will be augmented to the extent of additional resource mobilisation. In this Chapter, we have briefly examined one important avenue of economy, viz., staff, economy as this may prove to be the most fruitful source of savings.

#### Himachal Pradesh

515. The Staff Inspection Unit (SIU) of the Ministry of Finance recently undertook a review of the position of staffing in the Himachal Pradesh Secretariat and a number of Departments and Directorates. Its conclusions have been finalized in consultation with the Chief Secretary and the concerned departmental heads.

516. In respect of the organisation of work in the secretariat, the SIU has suggested some changes in the secretariat organisation which will result in the net saving of one officer. Their proposals are :—

- (i) In place of two posts of Financial Commissioner and Secretary, Excise and Taxation, only one post is necessary.
- (ii) In place of three Joint Secretaries under the Chief Secretary, only two are necessary.
- (iii) Of the two posts of Vigilance Officers, one may be converted into an Under Secretary to relieve the Joint Secretaries of their routine work and thereby help in the Surrender of one post of Joint Secretary.
- (iv) Instead of one Under Secretary (Judicial), two Law Officers may be given.

The existing and assessed strength of officers in the secretariat is as under :—

1	Existing 2	Assessed 3	Remarks 4
Chief Secretary . . . . .	1	1	
Financial Commissioner/Secretary . . . . .	4	3	Reduction of one Secretary achieved by combining the

1	2	3	4
			post of Financial Commissioner and Secretary, Excise & Taxation.
Joint Secretaries . . . . .	4	3	
Under Secretaries/Law Officers . . . . .	7	9	One Vig. Officer converted into Under Secretary; Under Secretary (Judicial) replaced by two Law Officers. In net, only one additional post is required.
Vigilance Officers . . . . .	2	1	
Director, Departmental Enquiries . . . . .	1	1	
<b>TOTAL</b> . . . . .	<b>19</b>	<b>18</b>	

517. In respect of the two Chief Engineers, PWD, one of whom is designated as Secretary, PWD, the SIU has recommended that for the existing span of control two posts are unjustified. It has, therefore, recommended the merger of the posts of Chief Engineers, North and South.

518. In the Department of Development and Planning, the SIU has recommended that Welfare should be merged with Development and that the Deputy Development Commissioner should be in charge of this subject in addition to his existing charge. Similarly, the Registrar of Co-operative Societies and the Director of Panchayats may be merged.

519. These are in brief the main recommendations of the SIU in respect of the top positions in the Secretariat Departments and Directorates. This Unit has also gone into the detailed staffing of each of these organisations. A summary of its recommendations is at Appendix XIV.

520. It has found that against a total sanctioned strength of 1628 in the secretariat and 19 other headquarters organisations, the working strength is 1517. According to its assessment the strength that is actually justified is 1215. There is thus a surplus of 413 over the sanctioned strength. Significantly, these conclusions have the concurrence of the Chief Secretary of that Administration and the concerned departmental heads.

521. The SIU have calculated that as a result of its studies, direct economy to the extent of Rs. 16.19 lakhs per annum will result through the reduction of posts suggested by them. Further, as there was an additional demand for 518 posts, which now stands withdrawn, there will also be a preventive economy of Rs. 26.15 lakhs per annum.

522. While the location of a 25% surplus in the headquarters organisations of the Himachal Pradesh Administration by the SIU is by no means insignificant, the Special Study on Himachal Pradesh feels that the level of over-staffing is even higher; it has pointed out that : "Excessive expenditure on establishment is admitted by the Himachal Pradesh Administration itself and seems to be confirmed by the recent report of the Staff Inspection Unit. Our view is that much greater economy than that proposed by the SIU is



possible through detailed study and through an evaluation of all activities undertaken to put a stop to those which cannot yield adequate results." Even in their discussions with us, officials and non-officials were unanimous that over-staffing throughout the Himachal Pradesh Administration had reached a level where surplus staff was a positive drag on the Administration. Despite open acknowledgement of this situation, not much has been done to get rid of the unwanted surplus. The only concrete step taken so far is the stoppage of fresh recruitment; we were informed that except for important technical appointments, this decision is being strictly enforced.

523. Even if we accept that the level of over-staffing is as assessed by the SIU, economy in expenditure will come about only when the Administration: (a) actually reduces the staff in the secretariat and headquarter organisations in accordance with this assessment, and (b) makes a similar assessment for the Departments not covered by the SIU and thereafter carries out a reduction in their staffs. Unfortunately, no concrete action has been taken by the Himachal Pradesh Administration in this direction. On the other hand, we are informed that there is now some controversy within the Administration itself about acceptance of the staff assessment made by the SIU. Where there is need for early implementation of the recommendations of the SIU, this controversy will only tend to delay the whole matter.

524. If the extent of over-staffing is, more or less, the same at other levels of the Administration, there may be an excess of about 21,675 officials in this Territory. The SIU has calculated that there will be an economy of Rs. 16.19 lakhs per annum through the abolition of 413 posts. If we adopt these figures, it is conceivable that an economy of about Rs. 8.50 crores per annum can be effected through the abolition of 21,675 posts. While we concede that, on practical considerations, it may not be possible to return so much staff, it does not mean that the Himachal Pradesh Administration should not at least initiate action to cut down its staff in accordance with the SIU's recommendations.

525. As a first step, in the secretariat and other headquarters organisations, which have been inspected by the SIU, all vacant posts must be frozen. Thereafter, all posts that have been declared surplus by the SIU must be abolished. The persons working against such posts may then be placed in a pool of surplus officials. Once this is done, a phased programme of retrenchment may be initiated. This programme will embrace the entire Administration. Firstly, all persons holding *ad hoc* and short term appointments and those employed on time bound schemes should be retrenched. Liberal use may be made of the relevant rules to compulsorily retire incompetent, inefficient and corrupt officials. At the same time, retrenchment benefits may be given to those who are willing to leave government service voluntarily. In the vacancies that are thus created, appointments may be made from the surplus pool. It will also be necessary to place a moratorium on all fresh recruitment throughout the Administration.

526. If a comprehensive programme is drawn up on these lines, we feel that there should not be much difficulty in ridding the Administration of staff equivalent to that which has been declared surplus by the SIU. All that is needed is a firm will to implement this programme.

### Manipur

527. The SIU reviewed the staff position of the Manipur Secretariat in January-February, 1966. The review brought to light a surplus of 84 persons in a sanctioned strength of 318, i.e. a surplus of 26.4% (for details see (Appendix XIV). The surplus is made up of Class I posts—1, Class II—3, Class III—52, and Class IV—28.

528. During our discussions with officers of the Manipur Administration, we made anxious enquiries about the implementation of this report. We were glad to learn that it has been fully implemented resulting in an economy of about Rs. 2,40,780 per annum. Evidently, the Territorial Administration found the study of great use and it has requested the Central Government to send more teams to conduct similar work studies in six major departments.

### Pondicherry

529. A work study of the Pondicherry Secretariat was undertaken by the SIU in October-December, 1966. As a result of its studies, the SIU recommended a strength of 122 against the sanctioned strength of 159, i.e. a surplus of 37 posts or 23.3% was located; (for details see Appendix XIV). These recommendations have been implemented resulting in a saving of approximately Rs. 50,000 per annum.

530. The SIU also made some suggestions regarding reorganisation of work in the Secretariat and an improvement in work procedures. These recommendations have been accepted and implemented.

### The Andaman & Nicobar Islands

531. A work study of the secretariat of the Chief Commissioner, Andaman & Nicobar Islands was undertaken by the Staff Reorganisation Unit (the predecessor of the SIU) in January, 1964. The main objective of the study was to examine whether the additional posts asked for by the Administration were justified and whether any economy could be effected by reorganising the existing methods of work in the secretariat. After examining the prevailing procedures of work in the secretariat and making appropriate recommendations, the SRU examined the sanctioned strength of the secretariat *vis-a-vis* the proposals for additional posts submitted by the Administration. Its conclusion can be summarised as under :—

1. Total sanctioned strength . . . . .	101
2. Additional posts proposed by the Administration . . . . .	45
<b>TOTAL . . . . .</b>	<b>146</b>
3. Posts proposed by the S.R.U. . . . .	109

The Chief Commissioner agreed with the assessment made by the SRU except for one post of Asstt. Secretary (Judicial). While the SRU felt that the post of Asstt. Secretary should be replaced by a post of full time Secretary (Judicial), the Chief Commissioner felt that in addition to the Secretary, there should also be an Asstt. Secretary.

532. The proposals of the SRU have been implemented in full.

#### *Delhi*

533. The Administrative Reforms Department of the Delhi Administration has conducted work studies in the Rationing Department, and as a result it has recommended a total reduction of 285 posts. This is made up of 3 Class I, 13 Class II, and 269 Class III & IV officers/officials. The implementation of these proposals has resulted in a saving of about Rs. 12 lakhs per year.

534. Although this study may not be strictly comparable with the studies made in Himachal Pradesh, Manipur, Pondicherry etc., because the staff economies effected in the Rationing Department are related to a change in emphasis at the policy level in respect of the method of food distribution in the Territory, it demonstrates the efficacy of work studies *vis-a-vis* staff economy.

#### *North East Frontier Agency*

535. At the instance of the Home Ministry, a Special Officer was deputed to study the working of the NEFA Secretariat and offices of Heads of Departments at Shillong. He was asked to make recommendations for their reorganisation with a view to effecting efficiency, despatch and economy.

536. After examining the staffing of the secretariat, the Special Officer came to the conclusion that against a total sanctioned strength of 219, only 194 posts were justified thereby giving a surplus of 25 posts (11.4%). He also examined the staff position in seven major departments and five minor departments. In these departments, however, he has only generally indicated whether there is a surplus or not, without going into specific details.

537. During our visit to Shillong, we were informed that the report of the Special Officer has been accepted and is now being implemented. The extent of economy that is likely to be achieved, however, could not be indicated.

#### *Special Unit for Union Territories*

538. From the discussion in the foregoing paragraphs, it will be clear that through the agency of the Staff Inspection Unit and other inquiries of a similar nature, it has been possible to locate considerable surplus staff in several Administrations. In Himachal Pradesh alone, the SIU has located a staff surplus of about 25% in the headquarter organisations; the implications of the surplus have already been discussed in para 524.

539. The studies conducted in relation to the Manipur, Pondicherry and NEFA secretariats have also located substantial staff surpluses. Even though these studies have not covered other levels, it can be assumed that over-staffing there is, more or less, in the same proportion as in the Secretariats. If this is so, there may be an excess of about 4,950 officials in Manipur, 2,130 in Pondicherry and 680 in NEFA. In the other Territories, no such studies have been undertaken as yet, but as we have pointed out earlier, there is considerable over-staffing in all the Administrations.

540. Large staff surpluses are not only undesirable from the economy angle, but they are a positive drag on administrative efficiency. In this context, we feel that special efforts are needed to conduct work studies in all the Union Territories at all levels from the secretariat down to the district. For this purpose we suggest that a Special similar to the SIU should be created and located in the Home Ministry. As in the case of the SIU, the aim of the Special Unit will be to review the staffing of establishments in the Territorial Administrations with a view to secure economies consistent with administrative efficiency. We do not think that this task can be entrusted to the SIU. For one thing, it is already pre-occupied with work in the Central Government and it will not be in a position to devote adequate attention to the Union Territories; for another thing, the SIU does not have sufficient knowledge of working conditions in the Union Territories. We, therefore, feel that a separate Unit may be created for this purpose.

541. As the Special Unit will cater to the needs of 10 Union Territories and NEFA, we suggest that it should have two teams, each consisting of :

Senior Analyst . . . . .	1
Junior Analyst . . . . .	1
Technical Assistant/Investigators . . . . .	2

The Special Unit should be located in the Finance Cell and palced under the direct charge of the Director of Finance and Co-ordination, a new post recommended by us.

542. Once the Special Unit becomes functional, it must undertake a systematic programme of work studies for all the Union Territories. The Unit will work in close collaboration with the Administrative Reforms Units in the Territories.

543. In our recommendations for the Special Finance Commission, we have suggested that it should make allowance for scope for economy in expenditure in determining the quantum of financial assistance to be given to the Union Territories. Until this body is set up, we feel that the Central Government should also make a similar allowance in its determination of annual financial assistance, particularly when it is faced with a situation in which a specialized organisation like the SIU has made specific recommendations for staff economies. We feel that such a step is necessary as the incentive given by the Planning Commission in raising the annual plan outlay to match economies effected in administrative expenditure may not prove to be sufficient.

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**PART IV**  
**INDIVIDUAL UNION TERRITORIES**

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**141-142**



544. In Part III, we have dealt with the general problems of the Union Territories in the fields of administration and finance. We have left the problems of a political nature for a later part of this report. In this Part, we may now turn to the individual Union Territories. In dealing with each Territory it is our intention to give a complete account of its history, background and evolution so as to supplement the general account given in Chapter II of Part I. Our general proposals regarding the organisation of work in the Territorial secretariats, set out in Chapter II of Part III, have also been translated into concrete suggestions in respect of each Union Territory. Wherever we have come across any special problem being faced by a Union Territory, we have dealt with that problem in the relevant Chapter.

545. As we have mentioned earlier, at our instance, the Administrative Reforms Commission requested the Department of Administrative Reforms, Ministry of Home Affairs, to undertake a study of the organisation, structures and procedures of the Himachal Pradesh Administration as a whole and to suggest a general reorganisation with a view to securing maximum efficiency and economy. The report of this Study has formed the basis of our consideration of the problems of Himachal Pradesh. In the case of the other Territories, while many of their problems are covered in our general recommendations in Part III, we have also dealt with such of their individual problems as have come to our notice.

## CHAPTER I

### THE UNION TERRITORY OF HIMACHAL PRADESH

#### *Introduction*

546. After Independence in 1947, there was a demand from some political elements for the merger of the hill States of the North-West region with East Punjab. This demand was, however, opposed by the people and Rulers of the concerned States. While the hill States had their problems of poverty, illiteracy and isolation, East Punjab was faced with grave problems connected with the partition of the country. In these circumstances, the Central Government did not consider it wise to merge the hill States with Punjab. It was thought that it would be more appropriate to combine these States into a single unit under the direct administration of the Centre through a Chief Commissioner. This suggestion found ready acceptance from the people and *ex-Rulers*. The first step in this direction was taken on the 8th March, 1948, when the first lot of Rulers and Chiefs of the hill States signed an agreement under which they gave full authority to the Central Government to administer their former States. Other rulers and chiefs soon followed suit, and in this manner the new unit of Himachal Pradesh comprising of 21 hill States came into being on the 15th April, 1948. Its area was 10,600 square miles with a population of 9.50 lakhs and a revenue of approximately Rs. 85 lakhs. A Chief Commissioner was placed at the head of the administration. After the Constitution came into force in 1950, Himachal Pradesh was included in Part C of the First Schedule. As in the case of other Part C States, the administration of Himachal Pradesh was the direct responsibility of the President acting through the Chief Commissioner by virtue of the powers vested in him under Article 239 (as originally enacted). Subsequently, when the Government of Part C States Act, 1951 was enacted, Himachal Pradesh (along with Ajmer, Bhopal, Coorg, Delhi and Vindhya Pradesh) was given a measure of responsible Government with a Legislature and Council of Ministers. Simultaneously, the status of the Chief Commissioner was raised to that of Lt. Governor (from 1-3-1952).

547. At the time of the formation of Himachal Pradesh, the case of Bilaspur, which really formed a part of Himachal Pradesh territory, was dealt with on a different footing. This decision became necessary because Bilaspur was selected as the site of the Bhakra-Nangal Project. As a major portion of Bilaspur was likely to be submerged by the Bhakra reservoir and the consequent problem of resettlement would pose a grave problem for the Administration, it was decided to administer the area as a separate Part C State. Subsequently, however, it was decided to merge Bilaspur into Himachal Pradesh. Under the provisions of the Himachal Pradesh and Bilaspur (New State) Act, 1954, Bilaspur and Himachal Pradesh were united into a new Part C State called Himachal Pradesh.

#### *States Re-organisation Commission*

548. In its examination of the problem of the re-organisation of States, the States Re-organisation Commission felt that Part C States were anachronisms on the administrative scene. The Commission, therefore,



recommended that, except for Delhi and Manipur, other Part C States should be merged with the neighbouring Part A States. In the case of Himachal Pradesh, however, there was disagreement. The Chairman recorded a minute of dissent on this question. Both the majority and minority view on Himachal Pradesh are briefly discussed below.

549. It was contended before the Commission by protagonists for separate Statehood for Himachal Pradesh (with active Central assistance) that a relatively backward area like Himachal Pradesh was likely to be neglected if it became part of a bigger unit. It was also argued that the area had a cultural individuality and that the interests of the relatively backward people of the area would suffer by association with the more advanced people of the adjoining plains. A third argument advanced in favour of independent status was that at the time of formation of Himachal Pradesh, the Government of India (Ministry of States) had assured the people that Himachal Pradesh would continue as a separate administrative unit. Sarvashri H. N. Kunzru and K. M. Panikkar did not, however, accept any of these arguments. They felt that because of the poverty of its resources and lack of trained personnel, Himachal Pradesh could not stand by itself. On the other hand, the economic and administrative advantages of being integrated with the adjoining States were overwhelming. They also saw little advantage in the formation of a State consisting exclusively of hilly areas; it was not possible to accept that the interests of the hill people on the one hand, and the interests of the people of the adjoining plains on the other, were mutually exclusive and that the former could develop economically and politically only if they were segregated from the people of the plain. There was also some doubt whether any firm assurance had been given by the Central Government for the continued independent existence of Himachal Pradesh as a centrally administered area. In any case, even if an assurance of this nature had been given, it militated against rational re-organisation of States. On these considerations, therefore, in the view of the majority in the Commission, the right course was for the merger of Himachal Pradesh with Punjab, making at the same time, suitable arrangements to ensure the economic development of the area.

550. Shri S. Fazl Ali dissenting from the other Members of the Commission stated that while Sardar Patel contemplated the ultimate merger of the majority of Part C States in the neighbouring areas, clearly his intention was to continue Himachal Pradesh under "Central guardianship and tutelage" as "any merger with the Punjab was bound to be locally unpopular". Even on an independent examination of the problem, Shri Fazl Ali felt there was much local uneasiness at the prospects of merger with Punjab. For one thing, there was deep-seated distrust of the men of the plains; for another, the backward and exploited people of Himachal Pradesh, since their emancipation from feudal regimes, had gained keen awareness of their new status and opportunities. Merger with Punjab would place the hill people in a position of subordination, which would retard their progress. It would also be in the interests of Punjab if it did not have to face the added minority problems which would be created by the merger of Himachal Pradesh. Whatever advantage there was in the saving of administrative overheads through the merger of the two States, would be out-weighed by the inconvenience caused to the hill people by having the State headquarters located at a distant place. Shri Fazl Ali also felt that it would not be fair to up-set the social order in the hill areas, which

was bound to happen if Himachal Pradesh was merged into Punjab with its two great problems viz., (a) the communal problem, and (b) the law and order problem. In respect of its backwardness, he felt that it was doubtful if Punjab could shoulder the burden and develop the area in as rapid a manner as would seem desirable in that strategic northern border State. It had, in any case, been admitted that the Centre would have to spend large sums of money on the development of the area even if it was merged with Punjab. In those circumstances, it would be advantageous if the area was under the direct administration of the Centre. Himachal Pradesh presented certain typical features of the advantage of having a small State, mainly in that the administration would be more intensive and better able to promote social and economic measures for the welfare of the people. Shri Fazl Ali felt that the strategic and other considerations were such that Himachal Pradesh should be constituted into a Centrally-administered Territory.

### **Status of Union Territory**

551. The Government of India accepted the minority view recorded by the Chairman of the Commission. In the explanatory note on the draft of the States Reorganisation Bill, 1956, it was stated : "The Government of India have come to the conclusion that while ultimately Himachal Pradesh has to form part of the Punjab, it may, for the present, continue as a Centrally administered unit". Government's decisions found place in the States Re-organisation Act, 1956 and the Constitution (Seventh Amendment) Act, 1956. Himachal Pradesh became a Union Territory with the same boundaries as before. Through the repeal of the Government of Part C States Act, 1951, its administration became the direct responsibility of the President acting through an Administrator—the Lt. Governor (Article 239 as originally enacted). Along with Manipur and Tripura Himachal Pradesh was subsequently given a measure of local autonomy under the provisions of the Territorial Councils Act, 1956. The history of subsequent developments has already been traced in Chapter II of Part I. The main landmark in this development was the decision to create Legislatures and Councils of Ministers leading to the Constitution (Fourteenth Amendment) Act, 1962, and the Government of Union Territories Act, 1963. In 1963, Himachal Pradesh was given a Legislature consisting of 40 elected and 3 nominated members. Following the reorganisation of Punjab and Himachal Pradesh in 1966 and the latest delimitation of constituencies, the strength of the Legislature has now gone up to 60.

### **Re-organisation of Punjab**

552. When, as a result of the recommendations of the States Reorganisation Commission, the rest of the country was reorganised on a linguistic basis, the creation of a Punjabi speaking State was not considered appropriate. The decision not to divide the bilingual State of Punjab aroused vigorous opposition from the protagonists of the Punjabi language. To meet this situation a "Regional Formula" was evolved under which the State was divided into the Punjabi and Hindi speaking regions, each with a Regional Committee of the State Assembly consisting of MLAs from that region. These Committees were entitled to be consulted with respect to legislation on specified matters and to tender advice to Government and the State Legislature. The scheme did not, however, work satisfactorily

and fresh agitations were launched for the division of the State on a linguistic basis. After a Parliamentary Committee had gone into this question, it recommended that it would be in the larger interests of the people of these areas and the country as a whole for the State of Punjab to be reorganised on a linguistic basis. It also recommended that the hill areas of Punjab included in the Hindi Region which were contiguous to Himachal Pradesh and had linguistic and cultural affinity with that Territory, should be merged with Himachal Pradesh. It was, in these circumstances, that the Central Government on the 23rd April, 1966 appointed a Boundary Commission with Justice J. C. Shah, Judge of the Supreme Court, as Chairman. It was indicated in the Resolution appointing the Commission that the Central Government had decided to re-organise the State of Punjab on linguistic lines so as to constitute two States viz., Punjab and Haryana, "after transferring to Himachal Pradesh such of the hill areas, particularly of the Hindi region of the State, as are contiguous to that Union Territory and have cultural and linguistic affinity with it". The Commission was asked to examine the boundary of the Hindi and Punjabi regions of the State of Punjab and indicate the boundaries of the hill areas which are contiguous to Himachal Pradesh and have linguistic and cultural affinity with that Territory. The Boundary Commission recommended that :—

- (a) the districts of Simla, Kulu, Kangra and Lahaul-Spiti;
- (b) Development Blocks Gagret, Amb and Una (excluding some villages) of district Hoshiarpur;
- (c) Tehsil Nalagarh of district Ambala; and
- (d) the enclaves of Dalhousie, Balun and Bukloh of Gurdaspur district;

should all be merged with Himachal Pradesh.

553. The decisions of the Central Government were translated into the Punjab Re-organisation Act, 1966. Simla, Kangra, Kulu and Lahaul and Spiti were constituted into separate districts in the Union Territory of Himachal Pradesh. Nalagarh tehsil of Ambala district was merged with Simla district; the portions of Hoshiarpur district transferred to Himachal Pradesh, were merged with Kangra district; and the enclaves of Gurdaspur district in Chamba district were merged into the latter district. As a result of the re-organisation an area of 13,040 square kilometres and a population of 14.60 lakhs was transferred to Himachal Pradesh.

## **SPECIAL STUDY OF HIMACHAL PRADESH ADMINISTRATION**

### **Introduction**

554. As we have already mentioned, the Department of Administrative Reforms, Ministry of Home Affairs undertook a special study of certain aspects of the Himachal Pradesh Administration at our instance. We have in earlier Chapters referred to this special study and wherever appropriate we have adopted some of the suggestions made in that study for general application to all the Union Territories. We may now consider other recommendations contained in this Report which are largely confined to the Himachal Pradesh Administration.

The Report of the Special Study forms Volume II of our report.

### Grouping of Subjects into Departments

555. The main recommendations made in the Report of the Special Study on this subject will result in the creation of three new departments and abolition of five existing departments. The new departments are :—

- |                                       |   |
|---------------------------------------|---|
| (i) Administrative Reforms Department | To be formed out of the Administrative Reforms Unit of the General Administration Department. |
| (ii) Services Department              | To be formed by merging the present Appointments and Vigilance Departments.                   |
| (iii) Planning Department             | To be formed by separating "Planning" from the Department of Planning and Development.        |

The departments suggested for abolition are :—

- |                                       |   |
|---------------------------------------|---|
| (1) Cabinet & Confidential Department | The business conducted in this department does not justify a regular department. Substantive work like Civil Defence should be transferred to the Home Department.  |
| (2) Department of Tourism             | This department should be detached from Finance and attached to the Transport Department without a separate departmental head.  |
| (3) Civil Supplies Department         | Civil supplies work has diminished considerably, and whatever work now remains should be grouped with the Department of Industries to constitute a single Department of Industries and Civil Supplies.  |
| (4) Department of Panchayats          | The Directors of Panchayats and Welfare have been found to be considerably under-worked by the SIU which has consequently, recommended the abolition of these posts. Panchayats and Welfare should be grouped with Community Development, Panchayats and Welfare with a single departmental head. |
| (5) Department of Welfare             |   |

556. We have carefully considered each of these recommendations and except for the recommendation relating to the Department of Tourism, we are in agreement with all of them. It is our view that Tourism as a subject should be dealt with by a separate head of department because of its growing importance in the future economic development of the Territory.

## Charges of Secretaries

557. Proceeding on the principle that splitting of responsibility for a single department among two or three Secretaries militates against unity of command and that in the present stage of its administrative development, the system of *ex-officio* secretaries in Himachal Pradesh is undesirable, the Report of the Special Study has sought to regroup the charges of Secretaries in such a manner as to secure a balance between homogeneity on the one hand and manageability on the other. They have recommended the following secretariat charges :—

- (i) Chief Secretary.
- (ii) Remembrancer of Legal Affairs and Secretary, Law.
- (iii) Finance Secretary.
- (iv) Financial Commissioner-cum-Secretary, Land Administration.
- (v) Secretary, Agriculture, Community Development and Co-operation.
- (vi) Secretary, Industry, Transport and Works,
- (vii) Secretary, Services; and
- (viii) Chief Engineer, Multi-purpose Projects and *ex-officio* Secretary.

558. While we appreciate the underlying reasons for the above recommendations, we are unable to accept such a large number of Secretaries in a Union Territory. In an earlier Chapter, we have given our views at considerable length on the need to strengthen the secretariat organisation in the Union Territories. This we have sought to do by replacing the large number of junior and inexperienced secretaries, which characterises the secretariats of Union Territories, by a lesser number of more senior and experienced officers. In the case of Himachal Pradesh also, we feel that one Chief Secretary and four Secretaries, one of whom will function as Development Commissioner, the first equivalent to a Joint Secretary and the others equivalent to Deputy Secretaries in the Central Government, will suffice. With this strength, the following grouping of subjects is recommended :—

Sl. No. (1)	Secretary (2)	Subjects (3)	Executive Head, if any (4)
1.	Chief Secretary . . . .	Home General Administration Services. Administrative Reforms Public Relations (including Public Grievances) Planning	(a) IG of Police. *(b) IG of Prisons.  Director of Public Relations.  Director of Economics and Statistics.
2.	Finance Secretary . . . .	Finance Excise & Taxation	Excise & Taxation Commissioner.

\*As recommended in the Report of the Special Study, the Joint Secretary, Home, should function as IG, Prisons; a whole-time IG, Prisons is not required.

(1)	(2)	(3)	(4)
		Transport	Director of Transport.
		Tourism	Director of Tourism
3. *Secretary, Agriculture, Panchayats and Cooperation		Agriculture (including Fisheries)	Director of Agriculture
		Animal Husbandry	Director of Animal Husbandry.
		Community Development, Panchayats and Welfare	Director of Community development, Panchayats and Welfare.
		Co-operation	Registrar of Cooperative Societies.
4. Revenue Secretary	Revenue		(a) Director, Land Records and Consolidation of Holdings.
			(b) Land Revenue Commissioner.
		Forests	Chief Conservator of forests.
		Health	(a) Director of Health Services.
			(b) Principal, Medical College.
		Education	Director of Education.
		Public Works	Chief Engineer, PWD.
5. Law Secretary	Law Department Local Self-Government (Other than Panchayats)		
	Industry		†Director of Industries and Civil Supplies.
	Labour		
6. Chief Engineer, Multi-purpose Projects and <i>ex-officio</i> Secretary.	Multi-purpose Projects and Power.		

559. Certain features of this grouping are explained below :—

- (i) We have done away with the post of Financial Commissioner. This officer is, in fact, working against the post of Revenue Commissioner, which has been held in abeyance. We are of the view that with ten districts there is need for an administrative level intermediate between the secretariat and the field. Hence, the post of Revenue Commissioner should be revived and that of Financial Commissioner abolished. The appellate work of the Financial Commissioner will now be dealt with by the Revenue Commissioner.
- (ii) As recommended in the Report of the Special Study, "Planning" should be placed under the Chief Secretary. He is in the best

\*He will also function as *ex-officio* Development Commissioner.

†Also recommended in the Report of the Special Study.

position to co-ordinate the efforts of all departments. Moreover, by this step "Planning" will gain in prestige; in the long run, this will make for the more effective functioning of this department.

- (iii) While there is no objection in relieving the Law Secretary of his functions as Secretary, *Vidhan Sabha*, we see no harm in entrusting him with other substantive work. In order that he can discharge his responsibilities adequately, he should be an officer equivalent to a District and Sessions Judge and he should receive a special pay equivalent to other Secretaries in the Administration, viz., Rs. 300.
- (iv) The Department of Community Development, Panchayats and Welfare should be headed by the Deputy Development Commissioner, who should be re-designated as Director, Community Development, Panchayats and Welfare. The SIU have also recommended accordingly.
- (v) The functions of the Transport Commissioner are, at present, discharged by the General Manager, Himachal Pradesh Transport. This combination is not proper, and as such, they should be transferred to the Secretary, who in this case, will be the Chief Secretary.
- (vi) For Tourism, we consider that a separate Director is essential, particularly, because of its immense potential in this Territory.

560. In our recommendations, we have adhered to the reorganisation plan suggested in the Report of Special Study, viz., there will be 22 departments as against 26 as at present. However, we have grouped these departments into six Secretaries charges (five held by regular Secretaries, including the Chief Secretary, and one by an executive head functioning as *ex-officio* Secretary) as against the present 11 (six held by regular Secretaries and five by *ex-officio* Secretaries).

### **Allocation of Departments to Ministers**

561. While, in principle, we see nothing objectionable in the proposals made in the Report of the Special Study regarding the allocation of work to Ministers, we feel that this question is basically political. Much as a Chief Minister may like to adhere to the ideal allocation suggested in the Report, political considerations are unlikely to make it possible for him to do so. We do not, therefore, see any advantage in going into this question at all.

### **The Administrator**

562. On the basis of an analysis of the rules and standing orders governing the submission of cases to the Administrator, as well, as an assessment of the actual volume of work this involves, certain guiding principles have been enunciated in the Report of the Special Study. We have carefully considered these principles, as also the types of cases suggested for submission to the Administrator, but in our view, these recommendations do not go far enough. In the context of our proposals for "Working Statehood" in Part III, we have made specific recommendations on the

types of cases which the Administrator should see in the normal course. We see no advantage in enlarging this list.

### **The Chief Minister**

563. We agree with the recommendations made in the Report of the Special Study that in view of the volume, variety and complexity of the work flowing to the Chief Minister, there is need for institutional support to the Chief Minister in the shape of a Secretary of adequate rank, calibre and experience. We also agree that the Secretary to the Chief Minister should be an IAS Officer in the senior time scale of pay.

564. In the case of some other Union Territories with Legislatures, it may also become necessary to give similar institutional support to their Chief Ministers.

### **The Chief Secretary**

565. We are in complete agreement with the recommendations made in the Report of the Special Study in relation to the office of the Chief Secretary. These recommendations have been suggested for general adoption in all the Territories, where there is a Chief Secretary.

### **Financial Administration**

566. In Chapter III of Part III, we have already made recommendations regarding the financial relations of the Central Government and the Union Territories. While quinquennial devolutions through the mechanism of the Finance Commission have been recommended in the Report of the Special Study, we have thought it more appropriate to recommend a Special Finance Commission, which will exclusively deal with the Union Territories. Along with this recommendation, we have also considered allied matters such as re-appropriation of funds, budget scrutiny by the Centre, etc. We have also given our views on the question of delegation of financial powers.

567. We agree that the Finance Department should be actively associated in plan formulation, that the budget proposals should be finalised only after the annual plan discussions at the Centre are over, and with the drill proposed for this purpose. We have, in fact, accepted these suggestions for general acceptance in the other Union Territories as well.

### **Financial Set-up**

568. We are in agreement with the recommendations made in the Report of the Special Study on the financial set-up and procedures of Himachal Pradesh. These recommendations are summarised below :—

- (i) The Finance Secretary should always be a senior officer of the requisite aptitude, training and background. There should be no hesitation in (a) obtaining the services of a suitable officer from outside the Union Territories cadre, or (b) in entertaining the post temporarily on the super-time scale of pay if a suitable officer on senior time scale is not available.
- (ii) The Finance Secretary should be assisted by a Joint Secretary and two Under Secretaries. The Joint Secretary should be



authorised by an internal arrangement to dispose of the bulk of minor cases leaving the Finance Secretary more time for policy work. These officers should be picked for their suitability and given appropriate training.

- (iii) The work of the Finance Department should be re-distributed among the following branches :—
  - (a) I Branch—For examining expenditure as well as budget proposals pertaining to individuals departments and the giving of financial advice.
  - (b) II Branch—For the consolidation of the budget, ways and means control and other over-all problems related to budget and accounts.
  - (c) III Branch—General financial matters like the revision of pay scales, delegation of financial powers, coordination of financial policy; and
  - (d) IV Branch—All work regarding accounts of local bodies.
- (iv) The system of pre-budget scrutiny should gradually be introduced so that once a scheme has been approved for inclusion in the budget, its implementation should not require fresh sanction of the Finance Department.
- (v) Accounts and the finance side in the departments should be suitably strengthened. The feasibility of constituting a Finance & Accounts Service, encadring the Accounts Officers of different levels in the various departments and the Treasury Officers, may be considered. The Finance Department should be the cadre authority of the proposed service but administrative control over the officers should vest in the heads of the departments under whom they serve. The Finance Department should organise the training of these officers.
- (vi) An Expenditure Finance Committee consisting of the Finance Secretary, Joint Secretary (Finance) and Joint Secretary (Planning) should be set up to scrutinise and approve the following categories of proposals :—
  - (a) all proposals involving expenditure on a new service;
  - (b) all proposals for the expansion of existing services involving an expenditure exceeding certain specified limits, say, Rs. 5 lakhs (non-recurring) and Rs. 1 lakh (recurring); and
  - (c) all proposals for supplementary grants. The administrative Secretaries and the heads of departments should appear in person to explain their proposals to this Committee.

### Arrangements for Planning

569. We are in agreement with the recommendations made in the Report of the Special Study in relation to the arrangements for planning in the Himachal Pradesh Administration. In an earlier Chapter, we have

recommended that these arrangements can be generally adopted in the other Union Territories with suitable modifications to suit local conditions.

### Personnel Administration

570. In respect of the All-India Services, the main recommendations in the Report of the Special Study are :—

- (a) there should be a separate cadre of IAS for Himachal Pradesh;
- (b) although not so urgent, a separate cadre of the IPS should also be formed in Himachal Pradesh; and
- (c) if, as a result of carrying out separate IAS and IPS cadres for Himachal Pradesh, the Union Territories cadres of these Services have to be dissolved, no serious damage will be done, as a suitable alternative for filling senior posts in the remaining Union Territories can be devised.

In respect of the DHANI Services also, separate Civil and Police Services for Himachal Pradesh have been recommended.

571. We have already dealt with these questions in Chapter II of Part III. In view of the reasons indicated at the appropriate place, we cannot accept the above recommendations in relation to the All India and DHANI Services.

572. The recommendation regarding the Services Selection Board for Himachal Pradesh has been accepted by us and recommended for general adoption in the other Union Territories. We have also made recommendations for the appointment of the Chairman of the Selection Board by the Central Government.

573. Regarding crucial posts such as those of the Chief Secretary, Finance Secretary, IGP etc., we have also made recommendations at the appropriate place.

574. Detailed recommendations have been made in the Report of the Special Study in relation to powers in the field of personnel administration which should be delegated to different levels of the Administration. As in the case of financial delegations, we think that it would be more appropriate to leave this matter to the Government of India and the concerned Territorial Administrations. We are, therefore, not making any specific recommendations on this question.

575. We agree that there should be a separate Services Department under the Chief Secretary and in the immediate charge of a Joint Secretary. Its functions can be on the lines indicated in the Report of the Special Study.

576. There is little doubt that in view of the constitution position of the Services and the position of the Administrator as the delegate of the Central Government, the Administrator has a positive role *vis-a-vis* the Services. However, in the context of our recommendations on "Working Statehood", our approach to this problem is somewhat different. Within the limitations imposed by the Constitution, the Administrator must exercise his functions *vis-a-vis* the Services in consultation with the Chief

Minister. Except for this qualification, we have no objection if the Administrator's role in the following crucial matters is strengthened :—

- (a) selection of personnel for key posts;
- (b) important aspects of management of All-India Services;
- (c) posting of Secretaries, Heads of Departments, Deputy Commissioners, and Superintendents of Police;
- (d) cases of discipline concerning Class I officers, appeals, petitions and memorials; and
- (e) review and revision of orders passed by subordinate authorities.

### **Intra-Departmental Structures**

577. The recommendations made in the Report of the Special Study in respect of the structuring of departments in the Himachal Pradesh Administration visualize an arrangement which is different from that existing either in the Central Government or State Governments. The relevant recommendations are summarised below :—

- (a) While there is need for separate Secretaries, there need be no elaborate secretariat of the conventional type for each Secretary. The secretariat assistance for most of the work should be available to a Secretary from within the headquarters establishment of the executive heads of departments. The Secretary would, however, need some staff support, mostly in the shape of officers for handling work needing specialised attention, e.g. planning and co-ordination, and financial and personnel management.
- (b) The administrative department in the reorganised set-up should be conceived of as a single composite unit comprising not only the Secretary and his staff officers and their cells but also the executive heads and their headquarters offices.

578. While we agree with the general principles underlying the above recommendations, we feel that it would be better if they were first tried out on an experimental basis in one or two departments in the Himachal Pradesh Administration. It will also be useful if a similar experiment is conducted in the Delhi Administration where it can be watched at first hand by the Central Government. We have not recommended the whole-sale adoption of this system for two reasons, viz.;

- (i) In the Union Territories where administrative development has not reached a high level, it might be difficult to adopt a completely new system; it would be more advisable to attempt a gradual change in the existing system rather than a whole-sale change over to a completely new system.
- (ii) The whole question of departmental structures is being examined by the Administrative Reforms Commission in the all-India context. It would be appropriate to adopt the same pattern for the Union Territories as may be recommended for the rest of the country.

579. On the pattern of the organisational changes suggested for the administrative departments, the Report of the Special Study also makes similar recommendations for the offices of the heads of departments. Here also we recommend that the organisational changes should be tried out on an experimental basis. It would be appropriate if these changes are introduced simultaneously in the chosen secretariat departments and their attached field agencies. The main recommendations relating to the offices of the executive heads of departments are summarised below :—

- (i) Major executive heads may need the assistance of qualified and experienced staff officers for handling work relating to planning, personnel administration and financial management. Medium and minor heads of departments may also need to be given some assistance although not on the same scale.
- (ii) Within the headquarters office, the head of department should encourage the officers under him to dispose of relatively unimportant cases themselves on his behalf.
- (iii) Both the executive head and his two staff officers at the headquarters will be free to consult the staff aids of the Secretary even in matters falling within the delegated sector. Such consultation should, as far as possible, be oral.
- (iv) In matters beyond the powers delegated to the executive heads, proposals should be formulated by the headquarters office on its own files and referred to the Staff Officer (Finance and Personnel) to the Secretary. Cases involving difference of opinion between the executive head and the Secretary's staff officers should be decided at the Secretary's level.
- (v) Proposals from executive heads of departments should normally come on their own files and be dealt with under a "single file system". No noting should ordinarily be done on such cases below the level of the Secretary's staff officers.
- (vi) The staff aids of the Secretary should maintain close liaison with departments like Planning, Finance and Services and officers of these departments should be able to inspect their work and acquaint their Secretaries with their assessment.
- (vii) Staff aids of Secretaries should keep an over-seeing eye on the healthy functioning of the offices of executive heads in their respective spheres, and for that purpose visit the corresponding branches in the headquarters and conduct test-checks.
- (viii) Secretary's office and the head-quarters organisation of the executive heads concerned should be housed compactly in one building or in adjacent buildings.

580. We agree that with the provision of wholetime administrative Secretaries covering all departments of Government, organisational arrangements will be available for ensuring sound and objective decisions at the official level. Hence, the Minister will be able to authorise his Secretary to dispose of on his behalf most of the cases which now go to him for decision. The Minister will then be able to concentrate on important questions of policy and major operational programmes. This will entail a wholesale revision of the standing orders issued under the Rules of Business

specifying the classes of cases to be submitted to Ministers before issue of orders.

581. In the context of the changes proposed in the structure of administrative departments and executive head of departments, the Report of the Special Study recommends a carefully drawn up scheme of delegation of financial and cognate powers to enable the Secretary and the Heads of Departments to perform their roles adequately. While we generally agree with the specific suggestions made in the Report, we do not wish to make any comments thereon as they relate to matters of detail. However, in actually working out the delegation of powers, these suggestions can be kept in mind.

### **Arrangements for Administrative Reform**

582. On the consideration that administrative reform is an activity to which increasing attention needs to be paid so as to bring about efficiency and economy, we have in an earlier Chapter adopted the suggestions made in the Report of the Special Study for general application to other Union Territories as well. The only point on which we have differed is that instead of a separate department, for the present, it will be sufficient to have an Administrative Reforms Unit in each Territory under the direct charge of the Chief Secretary.

### **Relations between the Centre and Himachal Pradesh Administration**

583. The recommendations in this Part of the Report of the Special Study fall into three broad groups, viz.,

- (a) the role of the Administrator;
- (b) the role of the Central Government; and
- (c) administrative arrangements at the Centre to deal with the Administrations of Union Territories.

584. As for the Administrator, in the context of our recommendations for "Working Statehood", the role we envisage for the Administrator is different from that envisaged in the Report of the Special Study. We agree that his role requires re-alignment so that it is adjusted both to parliamentary intentions and Presidential responsibilities on the one hand and administrative and political necessities on the other. But this, in our view, does not call for a shedding of a great deal of work that needlessly goes to him so as to enable him to take a more dynamic and assertive interest in crucial items. We have, in fact, recommended a considerably reduced role for the Administrator and a much more dynamic role for the elected Government of the Territory.

585. Regarding the role of the Central Government, we agree that in view of its ultimate responsibility for the good governance and progress of the Union Territories, it must involve itself closely in all matters of strategic importance, e.g. the direction that their development must assume, its extent and inter-sectoral priorities, the overall analysis of expenditure and their relation to actual needs, the evaluation of programmes, etc. In operational matters, however, the Centre need only retain control in most crucial matters. Based on this principle, we have, at the appropriate place, spelt

out the precise role we envisage for the Centre and the modifications and amendments that will be required in the statutes and rules to achieve this objective. In our recommendations on this score, we have gone beyond the recommendations made in the Report of the Special Study.

586. In our proposals dealing with the arrangements to be made within the Central Government for the administration of Union Territories, we have explained in detail our reasons for leaving the present arrangements largely unchanged. We have, however, accepted that the role of co-ordinator, overall planner and evaluator in relation to the administration of Union Territories should be specifically assigned to the Home Ministry under the Government of India (Allocation of Business) Rules. We have also accepted the principle that the division of work within the Home Ministry should be such that functional and territorial responsibilities are separated to the maximum extent possible. We are, however, unable to wholly agree with the detailed re-organisation of work suggested in the Report of the Special Study. Our own recommendations on this matter have been indicated at the appropriate place. We are also unable to accept the idea of a separate Department of Union Territories headed by an Additional Secretary within the Home Ministry.

## CHAPTER II

### THE UNION TERRITORY OF DELHI

#### Historical

##### *British Period*

587. In 1857, when the British reoccupied Delhi, the last Moghul Emperor, Bahadur Shah, was removed to Rangoon and Delhi was constituted into a district of the Punjab. It was also made the headquarters of a Commissioner's Division comprising the districts which formed Ambala Division in the erstwhile Punjab. On the 11th December, 1911, on the occasion of the Coronation Durbar, Delhi was proclaimed the capital of India. The desirability of excluding the seat of the Central Government from the jurisdiction of a Provincial Government, was one of the main considerations which led to the transfer of the Imperial Capital from Calcutta to Delhi in 1912. It was considered essential that the supreme Government should not be associated with any particular provincial Government. Moreover, it was thought that the removal of the Central Government from Calcutta would materially facilitate the growth of the local government on sound and safe lines.

588. The Secretary of the State for India, in his reply to the proposal of the Government of India justifying the change of the seat of the capital, stated :—

"The arrangement, as you frankly describe it, is a bad one for both Governments, and the Viceroy for the time being is inevitably faced by his dilemma, that either he must become Governor-in-Chief of Bengal in a unique sense, or he must consent to be saddled by public opinion both in India and at home with direct liability for acts of administration or policy over which he only exercises in fact the general control of a supreme government. The local Government, on the other hand, necessarily suffers from losing some part of the sense of responsibility rightly attaching to it as to other similar administrations."

589. On the 1st October, 1912, Delhi tehsil and Mehrauli thana were separated from the Punjab and organised into a separate Chief Commissioner's administration. As the city of Delhi showed a tendency to spill over to the left bank of the Jammuna, 65 villages from Meerut district of the then United Provinces were added to Delhi on 1st April, 1915. During the next three and a half decades, i.e., upto 1950, under the provisions of the Government of India Acts of 1919 and 1935 (sections 58 and 94 respectively), Delhi was run as a separate local administration under a Chief Commissioner. While the administration was under the over-all supervision of the Home Department, the Chief Commissioner obtained direct orders on various subjects from different departments of the Government of India. During the Second World War, in 1942, the Chief Commissioner was given the assistance of a Secretary. From that date, something like a secretariat began to gradually grow.

### *Part C State*

590. [From the 26th January, 1950, Delhi became a Part C State under the Constitution of India. After the passing of the Government of Part C States Act, 1951, Delhi like the other principal Part C States, was administered by a regularly constituted Ministry responsible to the local Legislature consisting of 48 members.] There was a Council of Ministers to aid and advise the Chief Commissioner in the exercise of his functions in relation to matters in respect of which the State Assembly was given powers to make laws. Even within the narrow ambit of powers delegated to Part C States, the legislative powers of the Delhi Assembly were subject to certain special limitations. Such powers extended to any of the matters enumerated in the State List or in the Concurrent List, excepting the following :—

- (a) public order;
- (b) police including railway police;
- (c) the constitution and powers of municipal corporations and other local authorities of improvement trusts and of water supply, drainage, electricity, transport and other public utility authorities in Delhi or in New Delhi;
- (d) lands and buildings vested in or in the possession of the Union situated in Delhi or in New Delhi, including all rights in or over such lands and buildings, the collection of rents therefrom and the transfer and alienation thereof;
- (e) offences against laws with respect to any of the said matters;
- (f) jurisdiction and powers of all courts with respect to any of the said matters;
- (g) fees in respect of the said matters other than fees taken in any court.

### *States Reorganisation Commission*

591. In a subsequent Chapter, we will deal in some detail with the recommendation of the States Reorganisation Commission in respect of the shortcomings of the Part C States' set-up in relation to Delhi. It will suffice to mention here that the Commission recommended the abolition of responsible government at the state level, instead municipal autonomy in the form of a corporation was recommended.

### *Municipal Corporation*

592. The decisions of the Government of India on the reorganisation of States found place in the provisions of the States Reorganisation Act, 1956 and the Constitution (Seventh Amendment) Act, 1956. The Part C States were abolished and instead the Union Territories of Delhi, Himachal Pradesh, Manipur, Tripura, the Andaman & Nicobar Islands and the Laccadive, Minicoy & Amindivi Islands came into being. At the same time, the Government of Part C States Act, 1951 was repealed. As a consequence of these legislative steps, the administration of Delhi became the direct responsibility of the President acting, to such extent as he thought fit, through an Administrator to be appointed by him (Article 239). [The Legislature and Council of Ministers which existed under the previous set-up were abolished. Subsequently, in accordance with the recommendations of the States Reorganisation Commission, a Municipal Corporation was constituted in April, 1958



under the provisions of the Delhi Municipal Corporation Act, 1957. Unlike most other municipal administrations, the jurisdiction of the Delhi Municipal Corporation covers the entire Union Territory of Delhi including rural and urban areas. New Delhi and Delhi Cantonment have, however, been kept out of the jurisdiction of that body for special reasons; at the same time, the jurisdiction of the New Delhi Municipal Committee has been reduced from about 32 square miles to 16 square miles. The Corporation has taken over the functions previously entrusted to 10 local bodies (*i.e.* municipalities, notified area committees and the Delhi District Board) and three statutory boards, *viz.*, Delhi State Electricity Board, Delhi Road Transport Authority, and Delhi Joint Water and Sewage Board. The Corporation has also taken over from the Chief Commissioner a number of functions connected with health, education and local self-government.]

593. When the Delhi Municipal Corporation Bill was being debated in Parliament, views were expressed that the scheme proposed in the Bill did not provide an adequate substitute for an elected Assembly and Council of Ministers. It was urged that under the scheme proposed in the Bill, the Mayor and elected representatives would be reduced to mere figureheads and executive powers would be concentrated in the hands of the Municipal Commissioner. These feelings continued to persist even after the body was constituted. A committee was appointed by the Corporation to suggest ways and means of improving the relationship between the Executive and Deliberative Wings of the Corporation and to recommend amendments in the Act so as to make for more efficient working of the Corporation.

594. When in 1961-62, the question of effecting changes in the administrative set-up in the Union Territories of Himachal Pradesh, Manipur, Tripura, Goa and Pondicherry was under consideration, the question whether a similar change should also take place in the case of Delhi came up for consideration. It was decided to deal with Delhi on a different footing; if any change was required it should take the form of suitable modifications in the existing set-up of municipal administration.

#### 1962 Constitutional Amendments

595. Soon after the introduction of the Constitution (Fourteenth Amendment) Bill, 1962 in Parliament, which made provision for creation of Legislatures and Councils of Ministers for some Union Territories, the Delhi Municipal Corporation at a special meeting (3rd September, 1962) passed a resolution protesting against exclusion of Delhi from the ambit of the Bill. It felt that : "... there is no justification whatsoever for discrimination against the Union Territory of Delhi in regard to establishing a popular and responsible Government" and urged that Delhi should be included within the scope of the Bill. The same suggestion was made on the floor of the House when the Bill came up for discussion. It was clarified on behalf of Government that while a change in the existing arrangement for the administration of Delhi was called for, the question required separate consideration in the light of the special problems facing the Territory. Three points in particular were emphasised, *viz.*, (a) because of the large number of foreign missions in Delhi, it could not be treated like any other Union Territory; (b) the functioning of the Corporation would be improved and that proposals in this respect had been invited from the Corporation itself; and (c) the question of associating the people with development activities in the Territory would also be considered.

*Further Developments*

596. On 28th November, 1962, the Mayor forwarded to the Home Minister a copy of the Resolution passed by the Delhi Municipal Corporation containing the following suggestions :—

- (a) New Delhi Municipal Committee and Delhi Development Authority should merge in the Corporation.
- (b) Certain subjects for which the Delhi Administration was responsible should be transferred to the Corporation (these included higher secondary education, housing and slum clearance, social and labour welfare, rural and urban development, industrial development, town planning, shops and establishment, weights and measures, etc.).
- (c) The proceeds from Sales Tax and its administration along with the administration of Entertainment Betting and Motor Vehicles Taxes should be transferred to the Corporation.
- (d) Municipal administration should be decentralised on zonal basis.
- (e) The Mayor along with members of the executive committee should be responsible for conducting municipal administration and should be the chief executive authority of the Corporation.
- (f) There should be a Municipal Service Commission.
- (g) The powers of the Central Government in relation to the Corporation should be exercised by the Central Government through a single authority.

597. In the light of the recommendations made by the Corporation, a tentative scheme providing for changes in the administrative set-up of Delhi was drawn up by Government. The main changes envisaged were as follows :—

- (a) There was to be a municipal executive called "Mayor-in-Council" consisting of the Mayor and two or more other members of the Corporation which would function like a Cabinet. The Corporation was to be redesignated as the "Metropolitan Council". The Municipal Commissioner was to function as Secretary to the Mayor-in-Council and the Standing Committee of the Corporation was to be abolished.
- (b) Rural areas of Delhi were to be taken away from the jurisdiction of the Corporation and given full-fledged Panchayati Raj Institutions.
- (c) Municipal undertakings dealing with electric supply, water supply and sewage disposal and transport were to be converted into statutory boards and placed under the general superintendence and control of the Mayor's Council.
- (d) Certain additional subjects, which were being administered by Government through the Chief Commissioner, were to be transferred to the Metropolitan Council.

- (e) A Consultative Committee was to be associated with the Chief Commissioner in regard to matters which would continue to be directly administered by him.

The scheme was discussed by the Home Minister in 1963 with representatives of political parties and his Cabinet colleagues. It was agreed that the rural areas need not be taken out of the jurisdiction of the Corporation, but Panchayati Raj institutions in those areas should be placed under the supervision and control of the Corporation. However, a final decision could not be reached regarding the subjects to be transferred to the Corporation.

598. At a later stage of the discussions, representatives of the Congress party took the position that the scheme proposed earlier would not satisfy the political aspirations of the people. They stated that certain sections of the people had expressed themselves strongly against the transfer of some subjects from the Administration to the Metropolitan Council; the people of the rural areas were also opposed to Panchayati Raj institutions being placed under the Metropolitan Council. They felt that the proposed Metropolitan Council would not have the status and powers of Government and might, therefore, find it difficult to discharge its function effectively. They favoured a unified administration for the Territory headed by a Lt. Governor with a Council of Ministers and Legislative Assembly having full authority over various municipal and other bodies in the Territory.

599. In subsequent discussions with representatives of the Congress and other political parties, it was made clear that Delhi being the capital of the country could not have a Legislative Assembly and Council of Ministers and that this view had been accepted by Parliament during discussions on the Constitution (Fourteenth Amendment) Bill. They were told that any change in the existing administrative set-up, which achieved greater association of the people and provided an efficient and economical administration for the capital, could be considered so long as, in the sphere of local administration, the executive authority remained fully answerable to the Central Government and not to any other body.

600. As a result of further discussions with representatives of political parties, a scheme for the reorganisation of the administrative set-up was drawn up and finally approved by the Central Government. With effect from 9th September, 1966 under the provisions of the Delhi Administration Act, 1966, a new set-up has been enforced in this Territory.

#### *Metropolitan Council*

601. The Delhi Administration Act, 1966 makes provision for the constitution of a Metropolitan Council consisting of 61 Members; of these 56 are elected and the remaining five are nominated by the Central Government. There is provision for a Chairman and Deputy Chairman of the Council to be chosen from the Members of the Council. Under Section 21 of the Act, the functions of the Metropolitan Council are to discuss and make recommendations with respect to :—

- (a) proposals for undertaking legislation with respect to matters enumerated in the State List or Concurrent List in so far as such matters are applicable in relation to a Union Territory;
- (b) proposals for extension to Delhi of enactments in force in a State;

- (c) proposals for legislation referred to it by the Administrator;
- (d) estimated receipts and expenditure pertaining to Delhi to be credited to and to be made from the Consolidated Fund of India;
- (e) matters of administration involving general policy and schemes of development; and
- (f) any other matter referred to it by the Administrator.

The recommendations of the Metropolitan Council after consideration by the Executive Council are to be forwarded by the Administrator to the Central Government with the views if any, expressed thereon by the Executive Council.

### *Executive Council*

602. Under the provisions of Section 27, it is laid down that there shall be an Executive Council consisting of not more than four Members, one of whom shall be designated as the Chief Executive Councillor and the others as Executive Councillors, to assist and advise the Administrator in the exercise of his functions in relation to matters enumerated in the State List or the Concurrent List. The Executive Council is not responsible to the Metropolitan Council. Moreover, it is appointed by the President and not by the Administrator. The assistance and advice of the Executive Council, however, does not extend to those matters in respect of which the Administrator is required to exercise his functions *in his discretion*. Law and order, including the organisation and discipline of the police force and such other matters as the President may specify, shall be matters in which the Administrator will function in his discretion. At present, the subjects reserved for the Administrator are law and order, services, home, land and buildings and all matters relating to the appointment of members and the President of the NDMC, their number, terms of office, etc. In cases of difference of opinion between the Administrator and Members of the Executive Council, the law provides that the matter can be referred to the President for decision. Pending such decision, the Administrator is empowered in urgent cases to issue necessary directions or take immediate action. In respect of New Delhi, it is laid down that any decision taken by the Executive Council shall be subject to the concurrence of the Administrator; in case of differences of opinion, the Administrator is empowered to take a decision in his discretion.

### *Administrative Set-up*

603. While we propose to consider the constitutional set-up in Delhi in Part V of this Report, we may in this Chapter deal with the administrative set-up. We have received a fairly detailed proposal from the present Lt. Governor of Delhi for a radical change in the present set-up. His proposals centre around three main points, *viz.*—

- (i) the conferment of *ex-officio* secretariat status on 13 heads of departments;
- (ii) the creation of two new posts of Commissioners, one in charge of Home and the other in charge of Finance; and
- (iii) the creation of a new post of Deputy Administrator, who will generally assist the Administrator in his functions and also serve as a focal point of coordination under him.

604. In the present arrangement there are three categories of heads of departments in the Administration, viz.—

**Category I :—**This category includes five posts, which are equivalent to Deputy Secretaries in the Central Government and carry pay in the senior scale of IAS with a special pay of Rs. 300/- per month. These points are :—

- (i) Chief Controller of Rationing;
- (ii) Director of Employment and Training;
- (iii) Director of Education;
- (iv) Development Commissioner; and
- (v) Deputy Commissioner.

**Category II :—**The posts in this category are equivalent to Under Secretaries in the Central Government and carry pay in the senior scale of the IAS plus a special pay of Rs. 200/- per month. These posts are :—

- (i) Director of Industries;
- (ii) Director of Transport;
- (iii) Commissioner of Sales Tax;
- (iv) Labour Commissioner; and
- (v) Registrar of Cooperative Societies.

**Category III :—**These posts are in special organisations, viz.—

- (i) Inspector General of Police;
- (ii) Chief Engineer, Floods;
- (iii) Director—Principal, Maulana Azad Medical College and associate hospitals;
- (iv) Commandant General, Home Guards and Director, Civil Defence; and
- (v) Director, Family Planning and Superintendent Medical Services.

605. It has been suggested that the posts in Categories I and II above should all be made equivalent to Deputy Secretaries in the Central Government; the special pay in that case attaching to these posts will be made uniform at Rs. 300/- per month. Whereas some of these officers are already exercising powers as *ex-officio* Secretaries, it is now proposed that all of them should be given such powers. In addition, it is proposed to add another three posts of heads of departments to this list of *ex-officio* Secretaries. These posts are : (1) Housing Commissioner, (2) Director, Public Relations, and (3) Commissioner, Excise and Taxation. The post of Housing Commissioner, which has been sanctioned in the grade of Director (Rs. 1800/- to Rs. 2000/-) will be down-graded to the senior scale of the IAS with a special pay of Rs. 300/- per month. The other two posts will have to be created in the same scale and with the same special pay.

606. In this manner there will be 13 heads of departments each of whom will function as *ex-officio* Secretary. They will all be equal in pay and status to a Deputy Secretary in the Central Government.

607. In respect of the heads of departments in Category III above, it will be necessary to retain control over them because of the highly specialized and technical nature of their work. Hence, separate Secretaries have been proposed for these departments. In order to expedite the disposal of work, however, they should be given *ex-officio* status as Special Secretaries.

608. There will be a Commissioner, Home (pay Rs. 1800-2000) and the five Special Secretaries, mentioned in the foregoing paragraph, will report to him. In addition, he will look after Jails, Passports and Vigilance Departments. In the case of the last mentioned department, the Commissioner, Home, will be assisted by a Director of Departmental Enquiries.

609. There will be another Commissioner designated as Commissioner, Finance (pay Rs. 2500-2750). He will have under him a Financial Adviser for Delhi Administration, and a second Financial Adviser for Lands and Buildings. In addition, the Financial Commissioner will look after the Local Self Government Department. He will also undertake appellate work coming from the Sales Tax, Excise, Revenue and Transport Departments.

610. Below the Administrator there will be a Deputy Administrator (pay Rs. 2500-2750). All 13 *ex-officio* Secretaries and the Commissioners, Home and Finance, will report through him to the Administrator. He will, in addition, be directly incharge of Services, Planning, PWD and the Executive Council.

611. In the arrangements described above, the post of Secretary Judicial has been left largely untouched except that he will now be designated as Legal Adviser. He will look after Law, Judicial, Elections, Wakfs and the Metropolitan Council.

612. With the transfer of secretariat functions to heads of departments, the corresponding organisation in the secretariat can be done away with. The "single file system" may then be introduced. It is estimated that in the Departments of Home, Transport, Medical, Development, Flood Control, Industry and Labour it should be possible to effect a reduction of 50% in the staff. The present expenditure on the staff of these Departments is about Rs. 3,16,800/-.

613. At Appendix XIV is shown the organisation of the Delhi Secretariat as envisaged in the above proposals.

614. While we have given most careful consideration to these proposals, we are not convinced that they will be an improvement over the present arrangements. These proposals are greatly dependent on the institution of *ex-officio* Secretaries. In the previous Chapter on Himachal Pradesh we have pointed out that in the present state of administrative and political development in the Union Territories, there is need for separate Secretaries rather than a combination of the secretariat posts and executive heads of departments. This is also true of Delhi, where the Executive Council has assumed office only about two years ago. In our view, the Councillors will undoubtedly benefit from an arrangement in which the impersonal advice of their Secretaries is available to them on the proposals emanating from executive heads. We, therefore, feel that it would be better to retain the present system and strengthen those parts where there is such need. In any case, we have not been able to see any particular advantage in the creation of the

new posts of Commissioners, Home and Finance. Much of the work that is to be allotted to the Commissioner, Home is at present being performed by the Chief Secretary. There does not appear to be any advantage in giving the same work to another officer with a different designation and who is lower in status to the Chief Secretary. Similarly, the functions and responsibilities of the proposed Financial Commissioner are essentially those of the present Finance Secretary. As for the post of Deputy Administrator, he in many respects resembles a Chief Secretary, particularly in his functions of coordination. In view of these considerations, we do not see much advantage in upsetting the present arrangement. We, however, feel that there is some scope for strengthening the present set-up.

615. In an earlier Chapter we have expressed our views on the need for replacing junior and inexperienced Secretaries in the Union Territories by a lesser number of more senior and experienced officers. In the case of Delhi we feel that one Chief Secretary and three Secretaries (one of whom will also function as Development Commissioner *ex-officio*), the first equivalent to a Joint Secretary and the others equivalent to Deputy Secretaries in the Central Government, will be sufficient. In addition, three important heads of departments can function as *ex-officio* Secretary; they can also be equated to Deputy Secretaries in the Central Government. With this strength, the following grouping of subjects is recommended :—

Sl. No.	Secretary	Subjects	Executive Heads, if any
1	2	3	4
1.	Chief Secretary . . . . .	Services Home including Police	(a) Inspector General of Police  (b) Commandant General of Home Guards & Civil Defence.
		General Administration (including Vigilance & Secretariat Administration).	
		Administrative Reforms	
		Public Relations. Jails	Inspector General of Prisons.
		Passport Executive Council Planning	@
		Land & Building	Housing Commissioner.
2.	Finance Secretary . . . . .	Finance Excise & Taxation	Commissioner, Excise & Taxation

@ See paragraph 617 (iii) below.

1	2	3	4
		Transport PWD & Irrigation	Director of Transport Addl. Chief Engineer, PWD..
3. Secretary Judicial		Law Wakfs Local Self Govern- ment (other than Panchayats) Elections	Commissioner of Wakfs.
4. *Secretary Development		Community Deve- lopment Agriculture Animal Husbandry Co-operation	Registrar of Co- operative Socie- ties
		Social-Welfare	Director, Social Welfare
		Industries	(a) Director Em- ployment, Train- ing and Techni- cal Education (b) Labour Commis- sioner
		Rationing and Civil Supplies	(a) Director, Civil Supplies (b) Chief Controller of Rationing
		Health	(a) Medical Supdt. of Irwin Hospi- tal (b) Director and Principal, Mau- lana Azad Medi- cal College (c) Superintendent, Medical Ser- vices.
5. Deputy Commissioner and <i>ex-</i> <i>officio</i> Secretary, Revenue		Revenue Flood Control	Chief Engineer, Flood.
6. Director of Education and <i>ex-</i> <i>officio</i> Secretary, Education		Education	
7. Commissioner of Sales Tax and <i>ex-officio</i> Secretary, Sales Tax.		Sales Tax.	

\*He will also function as *ex-officio* Development Commissioner.

616. In the arrangements envisaged by us, each of the Secretaries, both whole-time and *ex-officio*, will be in the senior scale of the IAS with a special pay of Rs. 300/- per month. All other heads of departments, who do not enjoy *ex-officio* status as Secretaries, will be of lower status, if they are officers of the IAS they may receive a special pay of Rs. 200/- per month. This will mean that the Director of Vigilance, the Chief Controller of Rationing and the Director of Employment, Training and Technical Education will have to be down-graded to this level; they are at present each



in receipt of a special pay of Rs. 300/- per month. This will also mean the down-grading of the post of Housing Commissioner. This post is at present in the grade of Rs. 1800-2000 but it has not been filled for a long time. In fact, one of the two posts of Deputy Housing Commissioners is also vacant.

617. The important features of this grouping are explained below :—

- (i) As we have pointed out in the Chapter on Himachal Pradesh, it is essential to place "Planning" in a sufficiently prestigious position to enable proper co-ordination of the planning effort. Hence, its proper place is under the Chief Secretary.
- (ii) As mentioned above, the post of Housing Commissioner has been vacant for a long time. This officer also functioned as *ex-officio* Secretary for "Lands & Buildings". Evidently, this post is no longer required. In these circumstances, we feel that it would be appropriate to allot this subject to the Chief Secretary. With this allotment, all the "reserved" subjects will be grouped together under the Chief Secretary.
- (iii) One Deputy Housing Commissioner can be redesignated as Housing Commissioner and he can function as Head of Department for this subject under the control of the Chief Secretary.
- (iv) Although the number of subjects allotted to Secretary Development is large, it must be remembered that in a metropolitan territory like Delhi, Community Development, Agriculture, Animal Husbandry, etc., are not of great importance. Hence, this officer's charge will not be too heavy. Moreover, both Rationing & Civil Supplies are declining in importance.
- (v) Although the Deputy Commissioner has been made *ex-officio* Secretary of the Revenue Department, it will not cast an unduly heavy burden on him as this subject is of minor importance in a metropolitan area.
- (vi) Both the Director of Education and Commissioner of Sales Tax have been given *ex-officio* secretariat status in their respective departments. This, we feel, is essential because of the importance of their subjects in this Territory.

#### *District Administration*

618. As we have mentioned earlier, there is one Deputy Commissioner for the entire Territory; under him there are three Additional District Magistrates, each of whom is in territorial charge of a part of the Territory. Suggestions have been made for splitting up the Territory into three independent districts, each in charge of a separate Deputy Commissioner. In this arrangement, co-ordination will be provided by a Commissioner with jurisdiction over the entire Territory.

619. We see no particular merit in these suggestions. Maximum co-ordination is required in the field of law and order where the Commissioner does not have any jurisdiction. The present arrangements are, therefore, adequate. It is, however, essential that instead of locating the Addl. District Magistrates centrally in the office of the Deputy Commissioner, they should each be located territorially in their respective jurisdictions. This will result

in better supervision, particularly in the field of law and order, and make it easier for the public to approach these officers.

620. As in the case of the Addl. District Magistrates, in most other Departments of the Administration there are no territorial representatives. Such centralisation makes the administration somewhat remote from the public; moreover, co-ordination is also difficult. We, therefore, suggest that various Departments, particularly those with public dealings, should locate their representatives in the territorial divisions. These departmental representatives should work under the direct control and supervision of the concerned Addl. District Magistrate. This step will result in an arrangement similar to the district set-up in most States. Both supervision and co-ordination will improve and the administration will become more accessible to the public.

621. The rural areas in Delhi are under the jurisdiction of the Delhi Municipal Corporation, a body which is normally concerned with urban affairs. This position is somewhat anomalous. In his discussions with us, the Mayor of the Corporation explained that the expense of providing services to the rural area is out of all proportion to the revenues that can be raised from them. He felt that this was an unnecessary burden on the meagre finances of the Corporation. We agree that there does not appear to be any particular advantage in this arrangement. The rural areas were placed under the jurisdiction of the Corporation when the Part C State set-up was abolished in 1956. Now that the rural areas are represented in the Metropolitan Council, their representatives in the Corporation can be withdrawn. Such areas can instead be placed under Panchayati Raj institutions. This will at least lessen the financial burden on the Corporation.

## CHAPTER—III

### THE UNION TERRITORY OF GOA, DAMAN & DIU

#### *Historical*

622. The history of Goa stretches into the hoary past. The name of Goa finds mention in the Puranas, the Ramayana and the Mahabharat. We are not, however, concerned with the ancient history of this land. Suffice it to say that under the reign of different Hindu dynasties extending from 100 B.C. to 1469 A.D., Goa (or Gopakpatna or Govapuri) developed into a flourishing city, which was the permanent residence and capital of the kings. It had extensive trade relations extending from Zanzibar in Africa to Bengal, and from Ceylon to Saurashtra. It was a centre of trade and commerce and an emporium unrivalled in the whole of India. During the fifteenth century, Goa became a meeting place of sailors of all eastern trading nations. During this period, Portuguese merchants began their trading activities in the east, particularly along the west coast of India. Although they set up their first warehouses in and around Cochin, they soon saw an opportunity of extending their domain. In 1510, the Portuguese conquered Goa. In subsequent years they gradually extended their influence along the west coast. Daman and Diu were conquered in 1546 and 1558 respectively.

623. Dom Alfonso de Albuquerque, the conqueror of Goa, was a most able statesman. Step by step he worked for the consolidation of his political gains; his aim was to establish a state that could exist independently. By 1543, the area of the "old conquests", consisting of four districts, was consolidated under one administrative control. During the 17th and 18th centuries, after several wars with the Marathas, the Portuguese annexed further territories around Goa. The "new conquests" consisting of seven districts, were combined with the other areas, and by the second half of the 18th century, the entire area was administered as one unit. These possessions were called "Goa Dourada" or Golden Goa. All the Portuguese possessions in India were collectively called "Estado da India Portuguesa" or State of Portuguese India and these were ruled by a succession of Portuguese Governors.

624. By a Decree of 18th April, 1821, Goa was required to send six representatives to the Portuguese Parliament, which had just then been established as a vehicle of the newly formed Parliamentary Government in that country. However, by the time the indirectly elected representatives arrived in Lisbon in 1823, Parliament had been dissolved as a result of a counter-revolution. In 1833, for the first time, a Goan, Dr. Barnard Pares da Silva was appointed as the Governor-General of Estado da India. His rule, however, lasted for twelve days only owing to stiff opposition by Portuguese officials. Subsequently, a Council of Government was appointed; some members were elected by an electoral college, while others were nominated.

625. The history of Goa shows that though the Goan people submitted to Portuguese rule during the first 50 years, they became restive thereafter and tried to drive them out. From the second quarter of the 16th Century

upto the beginning of the 20th century, there were no less than 40 uprisings, which were often put down with ruthlessness and brutality.

626. Three factors were mainly responsible for the discontent and dissatisfaction against the Portuguese administration, viz., economic, political and religious. Economic exploitation was ruthless and it impoverished the people. Politically, Goans had no voice in the administration and this led to deep frustration. Religious animosities had been deeply stirred by the demolition of mosques and temples and by the proselytizing zeal of the Christian missionaries, who derived support from the King and Church of Portugal.

627. When for a short time Portugal became a democratic republic in 1910, the Goans (under the leadership of Menezes Braganza) welcomed the new Government and expressed the hope that it would give autonomy to the Indian settlements and end the religious discrimination established by the autocratic regime. But the democratic regime succumbed 16 years later to a military coup which brought Dr. Antonio Oliveira Salazar to power.

628. The Portuguese counter revolution of 1926 came as a shock to Goans in general and nationalists's aspiring for freedom from Portuguese rule in particular. The nationalists started thinking seriously about a movement which would ultimately bring them deliverance. It was but natural that the nationalist forces should derive inspiration from the philosophy and activities of the Indian National Congress in British India, firstly because of geographical nearness and secondly, as a large number of nationalist minded Goans were in Bombay and areas outside Portuguese India.

629. The first disobedience movement against the 435 years of Portuguese rule was launched in June, 1946. Goan nationalists and their Indian sympathizers, led by Dr. Ram Manohar Lohia, the Indian socialist leader, spearheaded the movement. Although he was arrested and pushed back into Indian territory, the freedom struggle had commenced. Despite repression and violence by the Portuguese, the movement continued upto November and ultimately about 1600 people were arrested and held in detention for varying periods. During this period, nationalist groups in Goa formed the National Congress of Goa. Both the Indian National Congress and Mahatma Gandhi lent support to the disobedience movement.

630. With the British withdrawal in August, 1947, the liberation movement in the French and Portuguese colonies gathered momentum. Thereafter, various steps were taken by the Goa Action Committee which was set up in Bombay in 1953. Despite the arrests and deportation of prominent nationalist leaders in Goa, the movement did not die out. The liberation of Dadra and Nagar-Haveli in July, 1954 did much to rouse the enthusiasm of the nationalists in Goa. On the 15th of August, 1954, 1200 volunteers crossed into Goa and Daman but they were turned back. In a similar march on the 15th of August, 1955, 3000 volunteers moved into Goa, Daman and Diu but the Portuguese police and military met them with violence; about 22 persons were shot dead and 225 injured, some of them seriously. Prime Minister Nehru told the Lok Sabha on the 16th August that the Portuguese firing on non-violent satvagrahis was "brutal and uncivilized in the extreme". India thereafter broke off diplomatic relations with Portugal. Post and telegraphic facilities were also curtailed. The Government of India was, however, forced to stop more volunteers from crossing

into Goa territory because of due fear of inhuman treatment at the hands of the Portuguese.

631. From 1956 to 1961, series of meetings and seminars were organised to publicize the atrocities to which the Goans were exposed at the hands of their Portuguese masters. Although in September, 1960, the Government of India liberalised travel facilities between Goa and India, the Portuguese refused to reciprocate. In April, 1961, the Government of India went a step further and announced the removal of the trade ban with Goa and other Portuguese colonies. In this case also, the Portuguese did not reciprocate.

632. On December the 18th, 1961, the nation learnt that Indian troops had entered Goa, Daman & Diu. The nation had been prepared for this action; in his speeches in the Lok Sabha and Rajya Sabha during the debate on the Bill for the merger of Dadra & Nagar-Haveli and in his inaugural and concluding speeches at a seminar on the problems of Portuguese colonies, the Prime Minister had made it clear that "other methods" were being considered for liberating Goa, Daman and Diu. In a combined operation, in which the Indian Army, Air Force and Navy took part, lasting less than two days, the 451 years of Portuguese rule in India came to an end.

633. As an initial measure, the liberated territory was placed under army administration. The Military Governor was assisted by a Chief Civil Administrator. These arrangements continued till the 6th of June, 1962. The foremost task of the Military Government was the restoration of normal life in the Territory through the re-establishment of law and order and the restoration of communications, which were disrupted by the Portuguese before they quit the area.

634. Through the Constitution (Twelfth Amendment) Act, 1962, Goa, Daman and Diu was constituted into a Union Territory. This status was conferred retrospectively from the 20th December, 1961, i.e. right from the time the Territory was liberated from Portuguese rule. Article 240 of the Constitution was also amended so as to extend the regulation making powers of the President to the new Union Territory.

635. During discussions on the Constitution Amendment Act, Prime Minister Nehru declared that it was not the intention of the Union Government to put an end to the individuality of Goa and that they were prepared to keep Goa as a separate entity in direct connection with the Central Government and maintain its special features till the people of Goa themselves desired a change.

636. Simultaneously with the Constitutional amendment, the Goa, Daman and Diu (Administration) Act, 1962 was enacted to provide for the representation of this Territory in Parliament and for its administration; this Act replaced an earlier Ordinance on the same subject. Two seats were allotted to the Union Territory in the Lok Sabha. On the 8th June, 1962, the military government gave place to civilian rule. A Lt. Governor replaced the Military Governor. The Lt. Governor formed an informal Consultative Council consisting of 29 nominated members to assist in the administration of the Territory. The Council was inaugurated on the 24th September, 1962. The meetings of the Council were open to public and served as a useful forum for bringing to the notice of the administration the demands and grievances of the people; it was advisory in character.

637. The first step towards giving the Territory a voice in its administration was taken when the President nominated two well known Goans, Doctors P. D. Gaithonde and Antonio Colaco, to the Lok Sabha; they took their seats in August, 1963.

638. In the meantime, it had been separately decided by the Union Government to give a measure of responsible government to some Union Territories, including Goa, and this decision was translated into the Constitution (Fourteenth Amendment) Act, 1962. Subsequently, under the provisions of the Government of Union Territories Act, 1963, Goa has been given a Legislature consisting of 30 members and a Council of Ministers. The 1963 Act came into force on 13th May, 1963. The first elections to the Legislative Assembly and the two Parliamentary seats were held in December, 1963; the first popular Ministry was also formed in the same month.

#### *Administrative set-up*

639. For Goa, Daman and Diu, Manipur and Tripura, in Chapter II of Part III, we have recommended a Chief Secretary of the status of Joint Secretary and a total of three Secretaries each of the status of Deputy Secretaries in the Central Government. At present there are six Secretaries, including the Chief Secretary, in Goa. Although the present Chief Secretary is equal in status to a Joint Secretary in the Centre, this post has actually been sanctioned in the grade of Director. The Secretary Planning-cum-Development Commissioner is equal to a Deputy Secretary in the Centre while all other Secretaries are equal to Under Secretaries.

640. With the strength recommended by us, we suggest the following grouping of subjects :—

Sl. No.	Secretary	Subjects	Executive Heads, if any
1. Chief Secretary		Home	(a) I.G. of Police (b) Superintendent of Prisons
		Services	
		General Admn. (including Vig. and Secretariat Admn.)	
		Administrative Reforms	
		Public Relations	Publicity Officer
		Tourism	
		Planning	
2. Finance Secretary		Finance	
		Excise & Taxation	
		Transport	General Manager, State Transport/ Director of Transport
		Revenue	Dy. Commissioner/ Collector
		Forests	Chief Forest Officer.

Sl. No.	Secretary	Subjects	Executive Heads, if any
*3.	Secretary Development	Agriculture Animal Husbandry  Fisheries Community Development and Panchayats Cooperation P.W.D. Health Education	Director of Agriculture Animal Husbandry Officer  Fisheries Officer  Registrar of Coop. Societies Principal Engineer Director of Health Services Director of Education
4.	Law Secretary	Law Judiciary Industries Labour Food and Civil Supplies Local Self-Government (other than Panchayats)	Director of Industries  Director of Civil Supplies

\*He will also function as *ex-officio* Development Commissioner.

641. We have allotted the subject of "Planning" to the Chief Secretary for the reasons explained in an earlier Chapter. Regarding the distribution of other work, it follows the general pattern we have adopted in the case of Himachal Pradesh and Delhi, except that the number of Secretaries has been limited to three.

## CHAPTER IV

### THE UNION TERRITORY OF PONDICHERRY

#### *Historical*

642. Podicherry is the westernised version of two Tamil words, viz., "Pudhu" meaning new and "Cherry" meaning a village.

643. Modern Pondicherry was founded by the French in the 17th Century and it remained in their possession for 280 years. It was the capital and seat of Government of the French Establishments in India comprising of Pondicherry and Karaikal on the Madras coast, Mahe on the Malabar coast, Yanam on the Andhra Pradesh coast and Chandernagore in Bengal.

644. Prevented by the Dutch from starting commercial establishments on any large scale in India in the 17th century, unsuccessful in their intrigues with local Indian potentates, out-manoeuvred by the British in policies and decisively defeated by them at the Battle of Wandiwash, the French were only able to salvage for themselves five settlements, besides a few market places called 'loges', as a result of the Treaty of Paris.

645. Pondicherry establishment itself was founded by Francois Martin in 1674. It was captured by the Dutch in 1693 but was restored to the French in 1699. It was besieged by the British four times in 1748, 1760-61, 1778 and 1793. According to the Treaty of Paris signed on May 30, 1814, Pondicherry was finally restored to the French in 1816 under the condition that the French Government would not raise any fortifications in the establishment and would have only limited number of troops required for police duties.

646. Karaikal was first ceded to the French by Sahoji, Raja of Tanjore, for 50,000 chakras; subsequently, he was reluctant to its occupation by them. Chanda Sahib, a son-in-law of Dost Ali, Nawab of Carnatic, who had taken possession of Trichinopoly and was besieging Tanjore, and who was, in his own interest, in close touch with the French Governor Dumas, helped the latter to take possession of Karaikal. Besieged and captured several times by the British, it was finally handed over to the French by the Treaty of Paris in 1814.

647. The French created a "comptoir" at Yanam in 1731 and French sovereignty over the territory was confirmed in 1750 by Muzaffar Jung, the Nizam of Hyderabad. By a treaty signed on April 2, 1721, the Raja of Badagara ceded to the French land near the mouth of the river Mahe with the right to keep a garrison there. The French were, however, soon forced to leave it temporarily for their "loge" in Calicut by the Raja. It was recaptured by La Bourdonnais in 1726. The possession of the French was confirmed by a Peace Treaty between the French and the Raja of Badagara on the 8th November, 1726. This territory followed the fortunes of Pondicherry and went under British control twice in 1761 and 1779 but it was restored to the French each time.



648. With the permission of the Moghul Viceroy in Bengal, M. Duplessis, Chief of the French "loge" of Balasore, formed the "Comptoir d' Hoogly". Subsequently in 1690, the "Comptoir" was brought to Chandernagore, which Duplessis had obtained in 1674, on the banks of the Hoogly. The construction of walls, buildings and many godowns was started at once. Dupleix was appointed Director of the Comptoir. He availed of the proximity of Chandernagore to Delhi to obtain many favours from the Moghul Court.

### *French Administration*

649. The administration of the French Establishments in India vested in a Governor, called the Commissioner of the Republic. He was appointed by the Metropolitan Government in Paris. The Commissioner's headquarter was in Pondicherry. He was assisted by a Government Council consisting of six Members created by a decree of 12th August, 1947 and by several "chefs de service" in the different administrative Departments.

650. There was a Representative Assembly of French India, which came into existence on the 6th January, 1947. It consisted of 44 Members elected on universal suffrage (Pondicherry—22; Karaikal—12; Chandernagore—5; Mahe—3; and Yanam—2). Any new taxation measure or legislation proposed by the Assembly could not be brought into force unless it had been approved by the Minister for Overseas Territories.

651. By two decrees of the 10th and 20th August, 1947 a Government Council consisting of the Governor as President and six Members, was made responsible for the administration of French India. At least three Members of the Council were elected by the Representative Assembly and the remaining were nominated by the Governor in his discretion. Initially, all members of the Council were elected. The Presidentship of the Council could be delegated by the Governor to one of the Members of the Council. The Government Council was expected to carry out the resolutions of the Representative Assembly. The Governor was empowered to invest a Member of the Council with responsibility for a Department. The Member so invested received delegated powers from the Governor to administer that department with the help of the chief official in charge of it. The decisions of the Council were binding on the Administration unless the Governor dissented, in which case he could refer the matter to the French Ministry for Overseas Territories whose decisions were final.

652. The French Establishments in India were represented in the French Parliament through : (a) Deputy to the National Assembly at Paris elected by the voters of the French Establishment of India, (b) a Senator to the Council of the Republic at Paris elected by the Representative Assembly, and (c) a Member to the Assembly of the French Union elected by the Members of the Representative Assembly. The five French Settlements were divided into 17 communes, each with a Municipal Council—eight in Pondicherry, six in Karaikal and one each in Mahe, Yanam and Chandernagore. Each Municipal Council elected a Mayor and two or three Assistant Mayors from the Members of the Council. The Mayor assumed the executive responsibility of the Governor so far as his commune was concerned. On the resolutions of the Municipal Council, the Mayor framed laws and rules for his commune, mainly pertaining to public health and maintenance of public order, subject to the approval of the Governor.

653. The judicial machinery consisted of a "Chef du Service Judiciaire", two courts of Justices of Peace, two Tribunals of the First Instance and one Appellate Tribunal.

654. The Administrative arrangements described above can be summarised as under :—

- (i) the legislative or constitutional power was vested in :—
  - (a) The National Assembly and the Council of the Republic in France, which exercised legislative powers over the whole of the French empire;
  - (b) The Representative Assembly of the French Establishments in India, which exercised legislative powers for the colony as a whole; and
  - (c) Municipal Councils each of which exercised jurisdiction over the commune;
- (ii) The executive power was vested in :—
  - (a) The President of the Republic for the empire as a whole;
  - (b) The Governor for the colony as a whole; and
  - (c) The Mayor for each commune.

#### *Transfer of the French Possessions*

655. With the attainment of Independence, the question of the continued existence of foreign settlements on Indian soil assumed considerable importance. In the Jaipur Session of the Indian National Congress, a resolution was passed which stated :

"With the establishment of independence in India, the continued existence of any foreign possession in India becomes anomalous and opposed to the conception of India's unity and freedom. Therefore, it has become necessary for these possessions to be politically incorporated in India, and no other solution can be stable or lasting or in conformity with the will of the people. The Congress trusts that this change will be brought about soon by peaceful methods and the friendly cooperation of the Governments concerned. . . . ."

After some time negotiations were opened with the French Government for the liquidation of their possessions. These negotiations were both prolonged and stormy. In June, 1948, the terms of an Agreement between the Indian and French Governments to settle the future of these settlements were announced. It was agreed that the future status of the French Territories should be left to the decision of the people concerned, their wishes being ascertained by means of a referendum.

656. The date and other details of this consultation were to be decided by the Municipal Councils of the five Settlements. As a preliminary to this step, fresh elections were to take place in all Municipal Councils. The process of ascertaining the wishes of the people was to be—firstly, to hold fresh Municipal elections in all five Settlements and, secondly, to call meetings of the Municipal Council of Chandernagore and a combined Assembly in the other four Settlements to set a date for the referendum. The two Assemblies would also suggest to the French Government modalities of the referendum.

657 In the Municipal election which followed in Pondicherry, Karaikal, Mahe and Yanam in October, 1948, pro-French candidates won a majority in all these Establishments. It may be mentioned that the French had refused a request from the Indian Government for the stationing of Indian observers to ensure the fairness of the elections.

658. In Chandernagore, the Municipal elections in September, 1948, saw pro-Indian elements in power. On the 15th June, 1949, a referendum was held in which the people were asked to opine whether they wished to keep Chandernagore within the French Union. The results were overwhelmingly in favour of India (7463 votes to 114). The *de facto* transfer of Chandernagore to India took place on the 2nd May, 1950. On the 2nd February 1951, the Indian Ambassador in Paris and a representative of the French Government signed a treaty for the cession of Chandernagore, which was subsequently ratified by the two Governments. Ultimately, in 1954 this Territory was merged with West Bengal.

659. The newly elected Municipal Councils of Pondicherry, Yanam, Mahe and Karaikal met in Pondicherry in March 1949 and unanimously agreed that the referendum should be held in December. The date was subsequently postponed to the 15th February, 1950.

660. In March 1949, the war-time customs union between India and the French Settlements came to an end and a permit system replaced the once unrestricted travel between India and the French colonies. At the same time, from the 1st of April, 1949, a customs cordon was placed around French India and free transit of goods was stopped. The economic dependence of the French Settlements on India became a weapon for the Indian Government. As a special gesture, however, food was exempted from the new customs restrictions.

661. The Indian Government was never happy about the idea of holding a referendum as it felt that proper conditions did not exist for the free expression of the views of the people. India had, in fact, indicated that it would disregard the results of the referendum if it was held under unacceptable conditions; she had insisted on the posting of neutral observers to ensure the fairness of the referendum. On the 24th October, 1952, the Government of India repudiated the 1948 Agreement and claimed a pure and simple transfer of the French possessions to the Indian Union. It declared that, henceforth, it would only accept negotiations between the French Republic and the Indian Union restricted to the *modalities of the transfer*. Subsequent negotiations failed to bring about a referendum or a status of joint administration as suggested by the French Government. On the 8th October, 1954, a Congress of the French Establishments consisting of Members of the Representative Assembly and Municipal Councillors of Pondicherry, Karaikal, Mahe and Yanam met at Keijour and agreed with near unanimity (170 votes to 8) in favour of the transfer of the Settlements to the Indian Union without a referendum. The French, however, claimed that this vote was not an expression of the popular will as the economic blockade introduced by the Indian Government had made the situation intolerable for the people, and in those circumstances, the expression of their free will was unthinkable. On the 21st October, 1954, the French Government ultimately signed an agreement under which *de facto* possession of the Settlements was transferred to the Indian Government. The agreement took effect from the 1st of November, 1954. Thus ended the last vestiges of French rule on Indian soil.

662. The *de facto* transfer agreement made provision for the continuance of the special administrative status enjoyed by these Settlements prior to the *de facto* transfer. It specifically laid down that any constitutional changes in this status, which may become necessary subsequently, shall be made after ascertaining the wishes of the people. Regarding Municipal Administration and the regime of the Representative Assembly, it was also agreed that the *status quo* would continue. Generally, the agreement made provision for rights of citizenship, rights of the civil service, payment of pensions, pending judicial proceedings, economic and financial matters, cultural questions etc.

663. With the *de facto* transfer, the holding of elections for the Municipal Councils became essential. There was, at the same time, a strong popular demand for fresh elections to the Representative Assembly on the ground that the earlier elections under the French were not free and fair. The Government of India sympathised with this demand and accordingly, by an Order of the 11th June, 1955, dissolved the Representative Assembly. Under the provisions of the Foreign Jurisdiction Act, 1947 and in conformity with the October, 1948 Agreement, the State of Pondicherry (Representation of People) Order, 1955 was issued to provide for the conduct of fresh elections to the Representative Assembly and Municipal Councils. In Pondicherry, Karaikal and Mahe an average of 87.5% of the electorate exercised its franchise; in Yanam all candidates were returned unopposed both for the Assembly and the Municipal Council. The inaugural session of the newly formed Representative Assembly took place in Pondicherry on the 12th August, 1955. The Assembly elected a President and the six Members of the Council of Government.

664. Under the existing law, the Council of Government was not responsible to the Assembly, which had no powers to express its lack of confidence in the Council. In comparison to their counterparts in India, the powers and functions of both the Assembly and the Council were very much limited. While both the Government of India and the State Administration were anxious to have a fully democratic set-up, it was impossible to effect major changes in the administrative pattern during the period of *de facto* control by the Indian Government.

665. After some negotiations, a formal Treaty of Cession was drawn up by the Indian and French Governments and signed in New Delhi on the 28th May, 1956. This Treaty was to come into force on the day of its ratification by the two Governments. Although the Indian Government ratified the treaty almost immediately, the Instruments of Ratification could not be exchanged until the French did likewise. Due to various reasons, including opposition by some reactionary elements in the French Parliament, and recurrent changes in the French Government, the process of ratification was only completed in 1962. The Instrument of Ratification was finally exchanged on the 16th August of that year. With this, the formal process of transfer was completed and India was in *de jure* possession of the French Settlements.

666. After all constitutional formalities relating to the transfer of the French possessions to the Indian Union had been completed, provision was made for the administration of Pondicherry through the Pondicherry (Administration) Ordinance, 1962. This was subsequently replaced by the Pondicherry (Administration) Act, 1962 which came into force on 5-12-62. This Act was given retrospective effect from 16-8-62, i.e., the date on which *de jure* possession was transferred to India.

667. By the Constitution (Fourteenth Amendment) Act, 1962, Pondicherry was constituted into a Union Territory retrospectively from the 16th August, 1962. At the same time, the regulation making powers of the President were also extended to this new Union Territory (Article 240). As in the case of Himachal Pradesh, Manipur, Tripura and Goa, under Article 239-A, provision was made for giving responsible Government to Pondicherry.

668. The Government of Union Territories Act, 1963 makes provision for a Legislative Assembly and Council of Ministers for this Territory. The first elections to fill the seats of Legislative Assembly took place in August, 1964. The new Assembly consists of 30 members.

#### *Administrative Set-up*

669. In the present administrative set-up of this Territory, there is a Chief Secretary and four other Secretaries. In addition, the Secretary to the Lt. Governor also looks after one secretariat department (Local Administration Department). Except for the Chief Secretary, who is equal to a Deputy Secretary, all other Secretaries are equal to Under Secretaries in Central Government. As a part of the general recommendations for strengthening the secretariats in the Union Territories, we have suggested a Chief Secretary of the Status of a Director and two other Secretaries each equivalent to a Deputy Secretary in the Centre. With this strength, we recommend the following grouping of subjects under each Secretary :—

Sl. No.	Secretary	Subjects	Executive Heads, if any
1.	Chief Secretary . . . .	Home	(a) I.G. of Police, (b) Supdt. of Jails, (c) Administrators of Mahe, Karaikal and Yanam.
		Services General (including Vigilance and Secretariat Administration)	
		Admn.	
		Planning	Director of Statistics.
		Publicity	Public Relations Officer.
		Transport	
		Ports	Port Officer.
		Civil Supplies	Director of Civil Supplies.
		Development	(a) Director of Agriculture, (b) Director of Fisheries, (c) Director of Animal Husbandry, (d) Registrar of Co-op. Societies, (e) Project Executive Officer,

S. No.	Secretary	Subjects	Executive Head, if any
			(f) B.D.O., Karaikal (g) B. D. O., Maha-Yanam.
		Welfare	(a) Director of Social Welfare, (b) Harijan Welfare Officer.
2.	Finance Secretary	Finance Budget Excise & Taxation	Pay and Accounts Officer. (a) Dy. Commissioner, Sales Tax, (b) Chief of Contribution Deptt., (c) Government Distillery.
		Revenue P.W.D.	(a) Director, PWD, (b) Director of Electricity, (c) Senior Town Planner.
3.	Secretary Law	Law Judicial Industries Labour Local Admn. Printing	Chief of Judicial Department. Director of Industries. (a) Labour Commissioner, (b) Employment Officer, Inspector of Local Bodies and Municipal Councils. Director of Government Press.
4.	Director of Medical Services and <i>Ex-officio</i> Secretary	Medical, Health	
5.	Director of Public Instructions and <i>ex-officio</i> Secretary.	Education	

670. "Planning" as a subject has been allotted to the Chief Secretary for the reasons explained earlier. Although the number of subjects allotted to the Chief Secretary appears to be large, it will be appreciated that in a small Territory like Pondicherry there may not be much work in departments like Transport, Animal Husbandry, etc. Moreover, as there are only three Secretaries, we have thought it proper to give to the Director of Public Instructions and the Director of Medical Services *ex-officio* status of Secretaries. Otherwise, the grouping of subjects follows the general pattern we have adopted in other Union Territories.

## CHAPTER V

### THE UNION TERRITORY OF TRIPURA

#### *Historical*

671. The origin of the name of Tripura is uncertain. The state annals show that Tripura, grandson of Yayati, whose deeds are chronicled in the Rig Veda, was second in the line of the kings of this kingdom. The name has also been explained as meaning either the 'three cities' or the country of Tripureshwari. The latter derivation is connected with an ancient legend according to which no less than 51 goddesses sprang out of the corpse of Bhagwati, the consort of Mahadeva, and dispersed over the face of the world. One of them, Tripureshwari (mistress of three worlds), took up her residence at Udaipur, the ancient capital of Hill Tipera (now Tripura), where a large temple was dedicated to her. The author of Rajmala derives the name from the word 'tui-pira' meaning the country towards the sea. The hill men themselves pronounce the name 'Tipra' which is another name for river Meghna that divides the hills (present Tripura) from the plains (Tippera district of East Pakistan).

672. The mythical account of the ancient History of this kingdom is contained in the 'Rajmala' or the chronicles of the kings of Tippera, which was commenced in the 15th century; it was written in verse in Bengali by Brahman pandits attached to the court. According to the Rajmala, the kingdom of Tippera was founded by Tripura, son of Druhya and grandson of Yayati of the lunar race, from whom down to the writing of the chronicles, a list of 117 sovereigns is given.

673. The connection of the Tipperas with Muslim history begins with the story of Ratnapha who, with the help of Tughril Khan, the Governor of Bengal, defeated his brother and ascended the throne as the 99th king. Ratnapha is said to have presented Tughril Khan with a magnificent 'bhekmani' (toad jewel) as a token of gratitude and in return received the title of Manikya, which has ever since been borne by the Rajas of Tippera, Ratna Manikya was succeeded by his son Pratap Manikya (100th king) in whose reign Sultan Sikander Shah of Sonargaon invaded Tippera. A few years later, Sultan Ilias Shah again invaded Tippera and defeated the king. For the next century or so the Muslims appear to have made frequent raids into Tippera but did not obtain a permanent footing. About the middle of the 15th century, Raja Dharma Manikya invaded Bengal and plundered Sonargaon. He was one of the famous kings of Tippera. Thereafter the Tipperas and Muslims were frequently at war and sometimes one party succeeded and sometimes the other. Eventually, the Moghuls in the days of Jahangir defeated Jasadhār Manikya in 1613. In 1625, Kalyan Manikya became the king and he defied the Moghuls for some time, but ultimately had to submit to Sultan Shuja. It was, however, in the early 18th century that the plains portion, which in the British days came to form a separate district of Bengal, was finally annexed to the Moghul empire. But the Tippera hills i.e. the present day Tripura, remained outside the pale of Muslim administration.

674. In 1760, British troops from Chittagong invaded Tippera in support of the Moghuls and established Krishna Manikya on the gaddi. In 1765, after the East India Company obtained the "diwani" of Bengal, Tippera came under British control. From 1808, each successive ruler received his investiture from the East India Company. In 1838, the Deputy Governor of Bengal decreed that the Raja of Tippera had, owing to his unchallenged possession from at least 1793, obtained a prescriptive right to the territory within the hills.

675. Between 1826 and 1862, the eastern portion of the hills state was constantly disturbed by Kuki raids, in which villages were burnt and plundered and the peaceful inhabitants massacred.

676. In 1871, an English officer was first appointed as a Political Agent to protect British interests and to advise the Raja. In 1878, his post was abolished and the Magistrate of the adjoining district of Tippera was appointed *ex-officio* Political Agent of Hill Tippera, a Bengali Deputy Magistrate being stationed at Agartala as Assistant Political Agent. Ultimately, in 1890, the latter post was abolished.

677. The administration was conducted by a Minister at Agartala, assisted by the Diwan and other subordinates. Laws were framed by a Legislative Council and were modelled on the laws of British India. The State was divided into seven administrative divisions each presided over by an officer ordinarily styled Magistrate-Collector, whose duties corresponded to those of a district officer in British India. The chief judicial authority vested in the 'Khaas' Appellate Court presided over by three judges and was similar in constitution to a Chief Court in British India Subordinate to the Khaas, was a court presided over by a judge, which heard all civil and criminal appeals from the Magistrate-Collectors and tried sessions cases. The officials were mainly from Bengal but certain offices were held exclusively by the Thakurs, who were connected with the Raja by marriage or otherwise.

678. Following Independence, the Raja of Tripura acceded to the Indian Union on the 15th October, 1949. After the coming into force of the Constitution, Tripura became a Part C State under the Administration of a Chief Commissioner. Although responsible government was given to some Part C States under the provisions of the Government of Part C States Act, 1951, in Tripura (as also in Manipur and Kutch) a Council of Advisers was appointed by the President under the provisions of Section 42 of the Act.

*States Reorganisation Commissions*

679. In its examination of the problems posed by Part C States, the States Reorganisation Commission felt that there was no justification for their continuance and that a solution lay in their merger with the neighbouring Territories. Their continued existence offered no adequate recompense for the financial, administrative and constitutional difficulties which their structure presented. In the case of Tripura, the Commission observed that the predominant language of the State was Bengali, which was spoken by about 59% of the population. The State was contiguous to Assam and it was connected both by air and road to important towns in the State. The Commission, therefore, felt that :

"As a small Part C State, Tripura cannot obviously stand by itself. The West Bengal Government, moreover, has not claimed



this area; and its merger in Assam, in our opinion, can be supported among other reasons on the ground that it will be desirable to bring the entire border between India and Pakistan in this region under one single control, namely, that of the Assam Government”.

In order that the apprehensions of the Bengali-speaking population of Assam, which after the merger of Tripura would be a little more than 1/5th of the total population of Assam, were allayed, the Commission suggested that it would be appropriate to treat Cachar district and Tripura as a separate administrative division under a Commissioner. The special position of Bengali in this division could then be recognised for official and educational purposes. The Commission went on to recommend :

“If safeguards on these lines are provided the merger of Tripura in Assam will achieve for its people the fulfilment of their aspirations for representative government at the state-level without prejudicing their linguistic and cultural interests. Suitable safeguards can and should also be provided for the tribal people in the proposed administrative division.”

### *Further Developments*

680. The Government of India did not accept the above recommendations. It decided to retain Tripura as a separate administrative unit. This decision found place in the States Reorganisation Act, 1956 and the Constitution (Seventh Amendment) Act, 1956. Tripura was constituted into a Union Territory, and as in the case of other Union Territories, provision was made for their administration in the amended Article 239. It was laid down that the responsibility for administering the Union Territories would vest in the President acting through an Administrator. Under the Territorial Councils Act, 1956, the Central Government gave Himachal Pradesh, Manipur and Tripura substantial powers in the field of local self-government. At the same time, Advisory Committees associated with the Home Minister were also constituted to advise him in matters regarding legislation, budget and general policy relating to each Territory. The dissatisfaction among the people at the inadequacy of arrangements, which denied them responsible government at the State level, and the developments that followed leading to the appointment of the Asoke Sen Committee and the Government's decision to revive the Part C States set-up, have already been recounted in some detail in Chapter II of Part I. Ultimately, under the Constitution (Fourteenth Amendment) Act, 1962, provision was made for the creation of Legislatures and Councils of Ministers in five Union Territories including Tripura. After Parliament enacted the Government of Union Territories Act, 1962, Tripura was given a Legislature consisting of 30 members and a Council of Ministers.

### *Administrative set-up*

681. A Chief Commissioner of the status of a Joint Secretary in the Central Government is at the head of the territorial administration. At the secretariat level, there is a Chief Secretary (equal to a Deputy Secretary), two Secretaries and five *ex-officio* Secretaries, including the Development Commissioner: the status of the Secretaries and *ex-officio* Secretaries is, more or less, equivalent to Under Secretaries at the Centre.

682. As in the case of Manipur, we have in an earlier Chapter suggested the raising of the status of its Administrator to that of Lt. Governor. We have further recommended a Chief Secretary of the status of a Joint Secretary and three Secretaries of the status of Deputy Secretaries in the Central Government. There will thus be a common pattern at the secretariat level for the Union Territories of Goa, Daman & Diu, Manipur and Tripura. The grouping of subjects into four Secretaries charges has been dealt with in Chapter III of this Part.

### *District Administration*

683. In Chapter II of Part III, we have already recommended that there is need for the creation of one or more additional districts in this Territory. This, we have suggested, should be done after a special study is conducted in association with the Tripura Administration.

684. The organisation at the district level is somewhat peculiar. The district is sub-divided into Zones, each under a Zonal Sub Divisional Officer. Each Zone is further sub-divided into Sub Divisions, each under an Additional Sub Divisional Officer. Lastly, each Sub Division is sub-divided into tehsils, each under the charge of a Tehsildar. There are four Zones, 10 Sub Divisions and 46 tehsils in this Territory.

685. In our view, there does not appear any need for four administrative levels in the district. In fact, the common pattern, both in the Union Territories and States, is a District Magistrate at the top, Sub Divisional Magistrate at the intermediate level and Tehsildar at the lowest level. The set-up in Tripura should also be modelled on the pattern prevailing in the rest of the country. It should be possible to do away with either the Zonal Sub Divisional Officers or Additional Sub Divisional Officers. Even the number of tehsils appears to be excessive. We have already recommended a special study in relation to the need for additional districts in this Territory. The task of re-organising the tehsils and sub divisional levels may also be entrusted to the team which undertakes this study.

### *Tribal Problems*

686. Tripura has a common border with East Pakistan extending over a distance of about 850 kms. In fact, it is surrounded on the north, west and south by Pakistan. Its only link with Cachar district of Assam is 290 kms. long. About 61% of the total land area is under forests and only 19% is under field crops (All-India figures for land utilisation are 21% under forests and 42% under cultivation). There is thus considerable pressure on the land available for cultivation. The peculiar location of this Territory, as also its physical features, has given rise to some important problems connected with its tribal population.

687. As a direct result of Partition, there was a phenomenal growth of the population of this Territory. The influx of refugees, which commenced in 1947, has not subsided even after a lapse of 20 years. It has continued unabated, although at times their numbers have dwindled to a trickle. In 1964, however, there was again a heavy influx.

688. The following figures illustrate the growth of population from 1921 :

Year	Population	Variation	Percent- age increase
1	2	3	4
1921 . . . . .	3,04,437	74,824	..
1931 . . . . .	3,82,450	78,013	25
1941 . . . . .	5,13,010	1,80,560	34
1951 . . . . .	6,45,707	1,32,697	26
1961 . . . . .	11,42,006	4,96,298	77
*1966 (estimated)	13,40,000	1,98,000	17

The abnormal increase of population is directly attributable to the influx of refugees from East Pakistan. The relevant figures are given below :

1. Total number of refugees who migrated to Tripura upto the end of 1955 . . . . .	3,04,000
2. Number of refugees who entered Tripura from 1-1-1956 to the end of 1963 . . . . .	1,10,543
3. Number of refugees who entered Tripura from 1-1-1964 to 30-6-1967 . . . . .	1,23,441
<b>TOTAL . . . . .</b>	<b>5,37,984</b>

According to the Tripura Administration, it would be more realistic to add another 15—20% to the figure of registered refugees to allow for cases of surreptitious entry. The estimate of the refugee population of Tripura may, therefore, be taken as approximately 6.50 lakhs.

689. In 1951, the refugees constituted about 15% and local tribals about 37% of the population. It is estimated that in 1967 the refugee population has increased to 40% while that of the tribals has decreased to 27%.

690. Although the brunt of the refugee influx has been borne by the plains, there has been a considerable spill-over into the hill areas, more or less, reserved for the tribals. Moreover, a considerable number of tribals, who were residing and cultivating land in the plains, have now been displaced and pushed into the hills. The present situation is that one-third of the people of Tripura, the aboriginals, live in the hills in a state of primitive subsistence economy. The other two-thirds, of whom more than half are refugees, practise settled agriculture in the plains. This is, in a nut-shell, the tribal problem of Tripura.

691. In the course of their discussions with us, several non-officials, including legislators, brought to our notice the sad plight of the tribals. They alleged that the tribals were being deprived of their land through unfair means. This was in spite of a legal ban on transfer of land by tribals to non-tribals. It was also alleged that the refugees were encroaching on Government land which would have ultimately gone to the tribals. We were informed that this problem has assumed a political complexion and may lead to an agitation.

\*Source : Indian Statistical Abstract, 1966.

692. Tripura occupies a particularly vulnerable position on our eastern frontiers and any disaffection among the people must be viewed with concern. We understand that the Union Government have made a special study of the problems of this Territory; as a result of a detailed study a concrete plan of action has been drawn up. The main items of this programme are :

- (a) a scheme to tackle the problem of refugee influx so that no further resettlement takes place within this Territory is to be drawn up;
- (b) concrete steps are to be taken to tighten the law relating to land alienation by tribals to non-tribals accompanied by suitable administrative measures;
- (c) legal remedies are to be provided to prevent encroachment on land belonging to tribals;
- (d) the survey and settlement operations now in progress in this Territory are to be completed as soon as possible; moreover steps will be taken to recognise the possession of the tribals for long periods of time;
- (e) the reservation of forests will be limited to the area which is absolutely essential; and
- (f) introduction of improved methods of "Jhum Cultivation" (shifting cultivation) so as to mitigate the evil effects of this practice.

693. Now that a definite plan for remedial action has been drawn up, it will be necessary for the Home Ministry to ensure that it is implemented expeditiously. We feel that it would be helpful if a small "watch-dog" committee is set up in the Home Ministry to watch progress and coordinate the efforts of various executing agencies. Moreover, as local conditions in Tripura are in many respects similar to Manipur (and in certain respects to NEFA), it may be advisable to introduce the single-line system of administration, at least in the predominantly tribal areas.

### *Communications*

694. Except for the railway line connecting Dharamnagar, which is close to the Assam border, with Kalkalighat in Assam, there are no railway lines anywhere in Tripura. This territory is virtually dependent on the Assam-Agartala road link. Keeping in view the security and development needs of this Territory, it appears essential to construct an all-weather road along the international border with Pakistan. In order to ensure expeditious construction, the work may have to be entrusted to the Border Roads Organisation.

## CHAPTER VI

### THE UNION TERRITORY OF MANIPUR

#### *Historical*

695. It is a matter of controversy as to how the name of Manipur came to be associated with this Territory. Evidently in the past it was known by a variety of names, e.g., "Meekly", "Cassay", "Mogli", "Kase", "Kathe", etc. There is a belief current among the inhabitants of the valley, that the Manipur of Mahabharata is identical with the present Manipur. The rulers of Manipur claimed that they are descendants of Babruvahana, the son of Arjuna from his marriage to Chitrangada, the Princess of Manipur.

696. The early history of Manipur is obscure. From the most trustworthy traditions, it appears that the State has always existed as an independent kingdom from very early times. The present inhabitants of Manipur appear to have descended from Indo-Burmese stock with some admixture of Aryan blood derived from successive waves of Aryan invaders that passed along the Gangetic and Brahmaputra valleys of pre-historic days. There are no means of ascertaining the political and economic conditions of Manipur prior to the 18th century as almost all the existing manuscripts on these matters have been composed in that century. It is, however, doubtful whether the valley of Manipur ever enjoyed peace and prosperity before the accession of Garib Newaz in 1714. Situated as it was, it was doomed like every other minor contiguous State to the devastation caused by the invasions of powerful Burmese armies, which time without number swept the eastern region from one extremity to the other.

697. Garib Newaz was an outstanding ruler by all accounts. Not only did he force defeat on the Burmese invaders, he also carried the battle to their territories. The most significant event of his reign was the introduction of Brahmanical Vaishnavism. Between the death of Garib Newaz and the accession of his grandson, Bhagya Chandra to the throne, there were three kings during a period of 12 years. They were weak and Manipur had the misfortune of the successful Burmese invasions in 1755 and 1758 which devastated the country. It is at this time that British help was sought and the first treaty was signed in September, 1762. This marked the beginning of diplomatic relations between the State of Manipur and the British. Bhagya Chandra, whose name stands second only to that of his illustrious grandfather, lost and regained his throne three times. He ultimately arrived at an understanding with the Burmese King in 1782. He strived hard to bring prosperity to Manipur and brought about a spiritual regeneration which is still cherished by the valley people. After his death in 1799, the next quarter of century witnessed incessant internal wars and as many as five kings changed during this period. The first Anglo-Burmese War of 1819-1825 came about this time and the British saw the advantage of having an alliance with the States of Cachar and Manipur. With the help of the British, the King of Manipur, Gambhir Singh, ultimately freed Manipur from the Burmese yoke. He was able to restore peace and brought a measure of prosperity to the valley during his short reign from 1828 to 1835.

698. The British posted a Political Agent at Imphal in 1835. They guaranteed the State against invasions from Burma, but this did not prevent

no less than thirteen attempts on the throne by various adventures from Cachar and two attempts at revolution from within. After the treaty following the first Anglo-Burmese War, Manipur had been declared as an independent State. From 1835 to 1850, the Political Agent did not interfere in the internal affairs of the State and only discharged the duty of preventing border feuds. But thereafter, in accordance with the general policy of the British, the Political Agent assumed more and more authority. In 1851 when Chandra Kirti Singh became the Maharaja, more or less, because of support given to him by the British, he was informed in clear terms that : "His State exists only by the sufferance and countenance of the British Government". Following the death of Chandra Kirti Singh in 1886, there was trouble about succession to the throne. Ultimately, the British intervened and Manipur was brought under British control. From 1891, Manipur came to exist as a native State under the complete political control of the British Government. Revolutionary changes were introduced in the system of administration and the years of peace that followed helped to rehabilitate the economy of the Territory. The British Political Agents exercised considerable influence in the affairs of the State, particularly in the matter of administration of tribal areas.

699. During World War II, with the help of Netaji Subhash Chandra Bose's Azad Hind Fauj, the Japanese invaded India. There was bitter fighting in and around Imphal but the superiority of the Allies ultimately succeeded in throwing back the invaders. After the end of the War, a demand was made by the people of Manipur for responsible Government. Following Indian Independence in 1947, the Maharaja of Manipur did not accede to India immediately. He formed a body which framed a Constitution for the State and for the first time in its history, a Government consisting of elected representatives was formed. The Maharaja's younger brother, Priyabrata Singh became the Chief Minister of the State. After a brief spell of existence, more or less, outside the over-all authority of the Indian Government, the Maharaja ultimately agreed to merge his State with the Indian Union. The Instrument of Merger was signed on the 16th October, 1949. Thereafter, the Government of India abolished the post of Political Agent and after the coming into force of the Constitution, Manipur became a Part C State under the administration of a Chief Commissioner.

#### *Part C State*

700. The pattern of political and administrative changes in the Part C States has already been described as part of the general picture in Chapter II of Part I. Briefly, the position was that some of the old Indian States, including Manipur, were converted into Part C States. The special feature of the Part C States was that their administration was the direct responsibility of the President acting through a Chief Commissioner or Lt. Governor. While Parliament had full legislative powers in relation to such States, there was constitutional provision for creation of a Legislature and Council of Ministers. Even though responsible Government was given to some Part C States, under the provisions of the Government of Part C States Act, 1951 in Manipur (as also in Tripura and Kutch) only a Council of Advisers was appointed by the President under the provisions of Section 42.

#### *States Reorganisation Commission*

701. In its examination of the problems posed by Part C States, the States Reorganisation Commission felt that there was no justification for their

continuance and that a solution lay in their merger with the neighbouring Territories. In the case of Manipur, it said : "Manipur is a Part C State, situated on India's eastern border, with a population of about 0.6 million. A unit such as this cannot be considered administratively viable". The Commission felt that in consonance with the principles propounded in relation to other Part C States, Manipur should, in the natural course, merge in the adjoining State, particularly as another Part C State, viz., Tripura, with a comparable population was also proposed for merger in Assam. Because of some special features, however, the Commission recommended separate existence for Manipur for the time being.

702. The main arguments advanced in favour of the continued existence of Manipur as a separate State were, firstly, the paramount nature of the security aspects of a border state, which were akin to NEFA. Secondly, Manipur had been an independent State for many centuries. Thirdly, being a backward State, it was receiving substantial financial aid from the Centre and if it was merged in Assam or West Bengal, its economic development would be retarded. It was also claimed that the cultural and linguistic individuality of the valley mainly peopled by Meithei had remained unaffected by the settlement of some other tribes or by immigration from Assam and Bengal. A consciousness of this individuality accounted for the opposition to suggestions that Manipur should become part of Assam or of the proposed Purbachal State.

703. While partly accepting the validity of these arguments, the Commission felt that the merger of Tripura into Assam was more natural because of its linguistic affinity to the neighbouring Bengali speaking district of Cachar; the same linguistic considerations did not apply with equal force to Manipur as it had no linguistic affinity with Assam. It felt that Assam already had political and economic problems of its own, and to those problems would be added the problems of a border State like Tripura. Under those circumstances, the Commission felt that it would not be desirable to impose on Assam the additional burden of administering another border area like Manipur. The Commission also considered the alternative of creating a new State consisting of Manipur and the neighbouring areas of Lushai Hills, Tripura and Cachar but found it impracticable. It, therefore, observed : "On a careful consideration of the implication of the various possible alternatives, we have come to the conclusion that Manipur should continue to be a Centrally administered territory for the time being. While we make this recommendation, it is quite clear to us that Manipur cannot maintain its separate existence for long and that the ultimate solution should be its merger in the adjoining State of Assam."

704. Regarding the administrative and constitutional arrangements for the States which were to constitute "territories", the Commission recommended as under :

"These 'territories' should be represented in the Union Legislature, but there should be no division of responsibility in respect of them. Democracy in these areas should take the form of the people being associated with the administration in an advisory rather than a directive capacity. The 'territories' may, therefore, have advisory bodies suitable to their requirements. If people of these areas seek a fully democratic form of government, they should be prepared to

merge themselves in larger areas which can provide the full normal legislative and administrative machinery of a State"

"Provision may be made on the lines of Section 94 to 96 of the Government of India Act, 1935, for the President to exercise regulation making power in respect of some of the 'territories'. As stated earlier, this is the main distinction existing between the Part C States and other territories and a provision to that effect will enable the central executive to deal with these areas in an appropriate manner".

705. In respect of Manipur also, the Commission felt that there was no need for a local legislature or Council of Ministers. The Commission observed : "We wish to repeat that, if a unit such as Manipur wishes to have representative Government at the State level, it must be prepared to join a larger unit. It cannot insist on a separate existence, and demand, at the same time, substantial central aid not only for its economic development but also for the maintenance of expensive representative institutions and uneconomic administrative agencies".

#### *Further Development*

706. The Government of India accepted the above recommendations and constituted Manipur into a Union Territory. This decision found place in the States Reorganisation Act, 1956 and the Constitution (Seventh Amendment) Act, 1956. As in the case of other Union Territories, provision was made for their administration in the amended Article 239. Subsequently, Parliament enacted the Territorial Councils Act, 1956 which gave a substantial measure of local self-government to Himachal Pradesh, Manipur and Tripura. However, Parliament alone was empowered to legislate for these Union Territories. At the same time, Advisory Committees associated with the Home Minister were constituted to advise him in matters regarding legislation, budget and general policy. The dissatisfaction among the people at the inadequacy of arrangements, which denied them responsible government at the State level, and the developments that followed leading to the appointment of the Asoke Sen Committee and Government's decision to revive the Part C States set-up, have already been recounted in some detail in Chapter II of Part I. Ultimately, under the Constitution (Fourteenth Amendment) Act, 1962 provision was made for the creation of Legislatures and Councils of Ministers in five Union Territories, including Manipur. After Parliament enacted the Government of Union Territories Act, 1963, Manipur was given a Legislature consisting of 30 elected members and two nominated members.

707. The Union Territory was brought under "President's Rule" in 1967. Following the Fourth General Elections, the Congress Party gained a majority and formed the Ministry. However, due to defections from the party in power, the opposition United Front came into office in October that year. Subsequently, the Speaker, Deputy Speaker and Members on the panel of Presiding Officers, all resigned. Both the Chief Minister and the Leader of the Opposition expressed their inability to suggest the name of any member, who could preside over the meetings of the Legislature. In fact, no Member was prepared to take up these duties. Following the prorogation of the Assembly by the Chief Commissioner, a Presidential Order was promulgated



under Section 51 of the Government of Union Territories Act, 1963, suspending the provisions of the Act in so far as they related to the Legislature and Council of Ministers. The Chief Commissioner thereafter assumed direct responsibility for the administration of the Territory on behalf of the President. The Presidential Order has now been revoked with effect from the 19th of February, 1968 and the normal functioning of the Legislature and Council of Ministers has been restored.

#### *Administrative set-up*

708. As in the case of Tripura, we have suggested a Lt. Governor for this Territory instead of a Chief Commissioner. In the secretariat, we have suggested a Chief Secretary of the status of a Joint Secretary and three Secretaries equivalent to Dy. Secretaries in the Central Government. As this is the general pattern recommended for Goa, Daman & Diu and Tripura also, we have given our proposals for organisation of work in the secretariat in the Chapter on Goa, Daman & Diu.

709. At the district level, we have recommended a special study before deciding on the number of new districts which should be formed in this Territory.

#### *Communications*

710. Manipur is faced with grave problems of security connected with unrest among various tribal groups such as the Nagas, Mizos, Kukis, etc. The main problem was originally confined to the northern sub-divisions of Tamenglong, Mao and Ukhrul, but it has now spread to practically the whole of the Territory. In this context, the need for adequate communications cannot be over-emphasised. However, the poor state of road development can be seen from the following figures :

	Road per 100 sq. Kms. (Kms.)
Manipur . . . . .	3.9 (1961)
	9.5 (1966)
All-India . . . . .	29.5 (1966-Provisional)

711. The only road link with Assam is through Kohima, and this passes through territory inhabited by hostile Nagas. A second link connecting Imphal with Silchar in Assam is under construction for the last 10 years, but progress has been disappointingly slow.

712. It is essential that construction work on the Imphal-Silchar road be expedited. If necessary, this work may be entrusted to the Border Roads Organisation. Immediate steps should also be taken for the formulation of a Five Year Plan of road construction within the Territory on the lines we have recommended for NEFA. If it is ultimately decided to divide the Territory into more than one district, priority should be given to connecting the district headquarters with Imphal.

## CHAPTER VII

### THE NORTH EAST FRONTIER AGENCY

#### *Historical*

713. The history of what is now known as the North East Frontier Agency goes back for hundreds of years into the mists of tradition and mythology. A number of ruins in the foothills suggest some contact between the ancient rulers of Assam and the tribesmen living near the plains. Local tradition regards the country round Sadiya as the ancient Vidarbha (though elsewhere this is identified with Berar) and the archeological relics at Bhishmaknagar in Lohit are considered as the capital of King Bhishmak, whose daughter Rukmini was carried away on the eve of her marriage by Lord Krishna himself. The ruins of a fort at Bhalukpong on the right bank of the Bhareli River in Kameng are claimed by the Akas (the local tribe) as the original home of their ancestor Bhaluka, grandson of the Raja Bana, who was defeated, according to Puranic legend, by Krishna at Tezpur. A Kalita King, Ramachandra, driven from his kingdom in the plains, fled to the Dafia foothills and established there his capital of Mayapore, which is probably to be identified with the ruins on the Ita hill, not far from Doimukh in Subansiri. In the Lohit Division are the ruins of the copper temple of Tameshwari, which at one time must have attracted many worshippers, and a place of great sanctity in the beautiful lower reaches of the Lohit River, the Brahmakund, where Parasurama opened a passage through the hills with a single blow of his axe, which is visited every year by thousands of Hindu pilgrims.

714. Old records tell us little of the tribes, though the Mishmis must have visited the forts and temples of Lohit and probably helped to build them, just as the Daffas must have worked at Ita and the Akas at Bhalukpong. One of the earliest specific references to the tribes occurs in the account written by the chronicler Shihabuddin who accompanied Mir Jumla when he invaded Assam in 1662. He says that the Dafia tribe did not "place its feet in the skirt of obedience" to the Ahom Raja, but occasionally encroached on his kingdom. He also tells us that the Miri-Mishmi women surpassed in beauty and grace the women of Assam and that the hill people greatly feared firearms, saying that "the matchlock is a bad thing; it utters a cry and does not stir from its place, but a child comes out of its womb and kills men."

715. The Ahom kings adopted a policy of conciliation towards the tribes, supporting it by a display of force when it could be effectively employed. Throughout the period of their rule their main concern was to contain the tribal people in their own hills and forests and to protect the gentle and unwarlike people of the plains, only sending out expeditions when there were raids of unusual audacity. When Raja Udayaditya Singha proposed to punish the Daffas of Subansiri for carrying off a number of Assamese men, women and children, his Prime Minister declared that "the Dafia miscreants can be captured only if an elephant can enter a rat-hole." The Raja ignored the warning and his expedition was defeated with heavy losses of men and provisions.

716. The first intervention by the British in the Ahom territory came about when Gaurinath Singh appealed to the British Government to help him to put down the Moamaria rebels. In response to this appeal, in 1692 Lord Cornwallis sent an expedition into the territory but it withdrew after it had completed its task. In 1819, the Burmese conquered a major part of Assam. As a result of the 1824-26 Anglo-Burmese War, Burma had to renounce all its claims upon Assam, its dependencies and the border states of Cachar and Jaintia. The British Government took the place of the Burmese and David Scott was appointed agent of the Governor General in Assam. Except for the territories of Sadiya and Mattak, upper Assam was, however, made over to the Ahom Prince Purandar Singh who was set up as a vassal king. In 1833, Purandar Singh's territory was retaken and the whole of Assam became a "non-regulated" province of British India. Mattak and Sadiya were annexed and included in India in 1842.

717. When the British took over control of Assam from Purandar Singh, they found that the warlike tribes of the frontier had become even more aggressive as a result of the breakdown of authority of Government, and for the remainder of the century they largely followed the policy of the Ahom kings. They did what they could to make friends with the tribes; they protected the plains people against their raids; they established out-posts in the foothills, and from time to time imposed blockades and made punitive expeditions into the interior. In addition, a few daring explorers penetrated deep into the mountains, but it is doubtful whether they had any very great effect upon the outlook of the people, most of whom continued to resent outsiders.

718. With the object of extending administration to the area, pacifying the hill tribes and regulating trade interests of the tribal people with the plains of Assam, in 1873 a regulation called the Bengal Eastern Frontier Regulation, 1873 was enacted. This gave the Lt. Governor special powers to prescribe an "Inner Line" in each or any of the affected districts. The avowed object of this enactment was three-fold, viz.,

- (i) to bring under more stringent control the commercial relations of British subjects with the frontier tribes;
- (ii) to prevent the operation of speculators in Caoutchouc and the spread of tea gardens beyond the fiscal limit of settled Mahals; and
- (iii) to lay down rules for the possession of land and property beyond the "Inner Line".

The Regulation further provided that no British subject or foreign resident could go beyond the "Inner Line" without licence from Government. The "Inner Line" Regulation, as it came to be called, was initially applied to the Districts of Darrang, Sibsagar and Lakhimpur. The Regulation is in force even today. From time to time, it has been amended to keep abreast of constitutional and administrative changes. It now applies to all the five districts of NEFA. According to section 2 of the Regulation: "The State Government may by notification in the official gazette prohibit all citizens of India, or any class of such citizens, or any person residing in or passing through such districts from going beyond such line without a pass under the hand and seal of the Chief Executive Officer of such district, or of such other officer as he may authorise to grant such pass; and State Government

may from time to time, cancel or vary such prohibition." Section 3 of the Regulation states : "Any person so prohibited, who after the "Inner Line" has been prescribed and notified in accordance with section 2 of this Regulation, goes beyond such Line without a pass, shall be liable, on conviction before a magistrate, to imprisonment of either description which may extend to one year or to a fine not exceeding one thousand rupees or to both."

719. That the promulgation of the above Regulation alone was insufficient for maintaining relations with the tribals, was realised by Government with the passage of time. It was, therefore, decided to appoint a whole-time officer of tact and intelligence, having knowledge of tribal languages to take up the work of cultivating better relations with the tribal people. This officer was to maintain his links with the Deputy Commissioners of Darrang and Lakhimpur districts.

720. Accordingly, in 1883, F. J. Needham was appointed as the first Assistant Political Officer of the Dibrugarh Frontier Tract with headquarters at Sadiya. He was subordinate to the Deputy Commissioner, Lakhimpur. His tenure of office (1883-1905) was marked by significant tours in the tribal country and he contributed valuable knowledge about the geography of the land and the Mishmi tribe. His successor Noel Williamson (1905-1911) followed in the foot-steps of his predecessor. He conducted extensive tours all over the present Lohit and Siang Frontier Divisions right upto Rima on the border of the country. He also explored the possibilities of establishing trade ties with Tibet.

721. Along with these steps, friendliness through trade was also tried. A number of fairs were held at such places as Udalguri and Sadiya from the sixties of the last century. In 1876, no fewer than 3,600 tribesmen were present at the Udalguri fair and in the same year there were 3,000 Miris, Mishmis, Khamptis and Singhpos at Sadiya. For a long time, however, the Adis refused to attend.

722. In 1911, Williamson and Dr. Gregorson (a tea garden doctor) were murdered by the Abors while on tour at Pangi. The Government took exception to this outrageous act and resolved to send a strong military expedition to establish peace and order in the Abor country. It was also decided to adopt a more positive policy of pacification and administration. Maj. General Bower, the leader of the expedition, was asked to recommend suitable measures for the consideration of the Government.

723. On the recommendations of General Bower, the Lt. Governor proposed the division of the tribal country into three sections, viz. (1) the eastern section, (2) the central section, and (3) the western section. This recommendation was accepted by the Government of India and the internal boundaries of each section were defined and notified in 1914. For administrative purposes, the new sections were known as (i) Central and Eastern Section North East Frontier Tract, (ii) Lakhimpur Frontier Tract, and (iii) Western Section North East Frontier Tract. The headquarters of the first two sections were at Sadiya, while that of the Western Section was in Charduar.

724. The formation of three Sections in 1914 laid the foundation of the present North East Frontier Agency. By that time, the delimitation of the Mc Mohan line had been completed and this determined the outer boundary of the area.

725. In 1919, on the recommendations of the then Chief Commissioner, Sir Beatson Bell, the titles of the Frontier Tracts were changed. The Western Section became the Balipara Frontier Tract and the Eastern and Central Section became the Sadiya Frontier Tract.

726. In 1942, it was decided to establish a further unit of administration and the Tirap Frontier Tract was carved out of the Sadiya Frontier Tract.

727. In 1946, on administrative grounds, the Balipara Frontier Tract was divided into two separate districts, viz., Sela Sub-Agency and Subansiri Area. The headquarter of Subansiri Area was located at North Lakhimpur with a base camp at Kimin, while that of Sela Sub-Agency was at Charduar.

728. In the year 1948, the Sadiya Frontier Tract was divided into two administrative units, Abor Hill District and Mishmi Hill District. The headquarter of the former was at Pasighat and that of the latter at Sadiya.

729. On 1st January, 1950, the headquarter of Subansiri Area at North Lakhimpur was shifted to Kimin within the Inner Line; on 24th March, 1952, it was again shifted from Kimin to Ziro where it continues to date. Similarly, the headquarter of the Sela Sub-Agency was shifted from Charduar to Bomdi-la with effect from 28th February, 1953.

730. In February, 1951, under the powers conferred by the proviso to sub paragraph (3) of paragraph 20 of the Sixth Schedule of the Constitution, certain areas of the plains included in NEFA were transferred to Assam. The repercussions of this step are being felt today, and will be discussed in a later part of this Chapter.

731. NEFA formally came into existence in 1954 as a result of the promulgation of the North East Frontier Areas (Administration) Regulation, 1954. This Regulation laid down that the Balipara Frontier Tract, Tirap Frontier Tract, Abor Hills District, Mishmi Hills District and the Naga Tribal Area shall be collectively known as the North East Frontier Agency. The Balipara Frontier Tract was also formally divided into two administrative units called Subansiri Frontier Division and Kameng Frontier Division. The names of the new administrative units and their headquarters were as under :—

Name of the Division	Headquarters
1. Kameng Frontier Division (Balipara Frontier Tract)	Bomdi-la
2. Subansiri Frontier Division	Ziro
3. Siang Frontier Division (Abor Hills District)	Along
4. Lohit Frontier Division (Mishmi Hills District)	Tezu
5. Tirap Frontier Division	Khela
6. Tuensang Frontier Division (Naga Tribal Area)	Tuensang

The Divisions are named after the principal river flowing in that Division.  
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732. In 1957, the Naga Hills District of Assam and Tuensang Frontier Division were combined and formed into a separate administrative unit under the provisions of the Naga Hills Tuensang Area Act, 1957. In 1962, this unit was finally separated to form the new State of Nagaland. The remaining five divisions now together form the present day NEFA. In 1965, the divisions were redesignated as districts.

### **Administrative Set-up**

733. From a perusal of Appendix III, it will be seen that in addition to the Adviser, there are five Secretaries and one Judicial Officer in the NEFA Administration. Although there is no Chief Secretary, the Adviser performs the co-ordinating functions of this officer. He is, however, not in charge of any secretariat departments. The status of the Secretaries and Judicial Officer in this Administration is somewhat lower than IAS Under Secretaries in the Central Government.

734. The maximum number of Secretaries we have recommended is in the case of Himachal Pradesh where we have suggested a Chief Secretary and four other Secretaries. If we take the Adviser into account, the number of Secretaries in NEFA is in excess of the recommended maximum by two posts.

735. In the course of our discussions with the Adviser and other officers of NEFA Administration, it was represented to us that there is need for an officer who can function as a deputy to the Adviser. The Adviser has not only to tour extensively within the Agency, but has also to visit Delhi at frequent intervals. Consequently, during his absence from Shillong, work comes to a stop. In this context, therefore, it was urged that there is need for a Deputy Adviser. One view was that the Deputy Adviser should take over the less important duties of the Adviser and deputise in his absence; a second view was that he should function as Deputy Adviser-cum-Development Commissioner; a third view was that there is need both for a Deputy Adviser and a Development Commissioner. Various pay scales were suggested for the post of Deputy Adviser/Development Commissioner. One suggestion was that he should be equivalent to a Joint Secretary at the Centre and another was that he should be equal to a Director.

736. In considering the question of the number of Secretaries that will be optimum for the needs of the NEFA secretariat, we have also kept in mind the demand for a Deputy Adviser/Development Commissioner. In accordance with our recommendations for strengthening the secretariats in the Union Territories, we have suggested the replacement of a large number of junior and inexperienced Secretaries by a lesser number of senior and experienced officers. We have sought to do this by raising the status of the Secretaries to the level of Deputy Secretaries in the Central Government, which will ensure the availability of officers with a minimum of nine years service. This principle has equal application to the NEFA Administration. Moreover, once the secretariat posts in NEFA are included in the Union Territories cadre of the IAS, it will be necessary to have uniformity in the special pays attached to equivalent posts in the various secretariats, otherwise mobility will be hampered.

737. It is our view that, in addition to the Adviser, three Secretaries and one Judicial Officer are more than adequate for the needs of NEFA

**Administration.** This is the strength recommended for Himachal Pradesh. We feel that there is adequate justification for an officer, who can deputize for the Adviser in his absence and also function as Development Commissioner. Accordingly, we suggest that one Secretary out of the three recommended, may function as Deputy Adviser-cum-Development Commissioner. As he will have to exercise some supervisory powers over other Secretaries and the Deputy Commissioners in one or the other of his capacities, we feel that his status should be higher than these officers. It will suffice if he is made equivalent to a Director in the Central Government.

738. With the strength suggested above, we recommend the following grouping of departments into secretaries charges :—

1. Adviser (Rs. 2,750/-)	Political	I. G. Assam Rifles
	Home	(a) Statistician, Statistical Department.
	Appointments	
	Planning	
	Coordination.	(b) Research Officer
2. Dy. Adviser-cum-Development Commissioner (Rs. 1,800—2,000)	Com- GAD (including Viz. Administrative Reforms, Secretariat Establishment, etc.)	
	Public Relations	Director of Information and Public Relations.
	Development	Director of Agriculture and Community Development.
	Agriculture	
	Cooperation	Registrar of Co-operative Societies.
	Education	Director of Education.
	Health	Director of Health Services.
3. Finance Secretary (Rs. 900—1,800+Rs. 300 Special Pay)	Finance Budget	
4. Secretary Supply and Transport (Rs. 900—1,800+Rs. 300 Special Pay)	Transport	Director of Supply and Transport.
	Supply	
	Kaling Affairs P.W.D.	Addl. Chief Engineer, P.W.D.
	Forests	Director of Forests
5. Judicial Secretary (Rs. 900—1,800 +Rs. 300 Special Pay)	Law Judicial	
6. Director of Industries and <i>ex-officio</i> Secretary	Industries	

739. We have allotted substantive work to the Adviser. This, we feel, is justified because his functions in many ways compare with those of the Chief Secretary in other Union Territories and States. There should, therefore, be no objection in his functioning as a departmental Secretary in addition to his work as Adviser to the Governor. As he will continue to carry out his latter functions, we have tried to keep the number of departments in his charge to the minimum.

740. In accordance with the general pattern recommended in the case of other Union Territories, "Planning" has been allotted to the Adviser.

741. We feel that the designation of the Judicial Officer should be changed to Judicial Secretary or Law Secretary as is the case in other Union Territories. He should be remunerated in the same scale as other Secretaries, i.e. Rs. 900—1,800 plus a special pay of Rs. 300 per month.

742. In the Techno-Economic Survey of NEFA, a fairly ambitious programme in the Industries sector has been recommended with an investment of Rs. 22.29 crores during the Fourth Five Year Plan. In this context, it was suggested to us that a separate post of Secretary, Industries, should be provided. We understand that the Industries Department in the NEFA Administration is headed by a Chief Industries Officer (Class II). We feel that this post can be up-graded and redesignated as Director of Industries. Thereafter, this officer may be given *ex-officio* status of Secretary Industries.

743. A suggestion was also made to us for raising the status of the Adviser to the Governor. At present he is in receipt of a fixed pay of Rs. 2,750 per month, which places him in a position, more or less, equivalent to a Joint Secretary in the Central Government. It was suggested that his status should be raised to that of an Additional Secretary (Rs. 3,000 per month). The main ground advanced in favour of this proposal was that the Adviser comes into frequent contact with the Chief Secretary of Assam, AOC-in-C, Eastern Command and the Army Corps Commander, where his lower status places him at a disadvantage. While there may be some justification for this proposal at present, once the administrative headquarters of NEFA are shifted from Shillong, the problem of the Adviser's status *vis-à-vis* the other officers will not arise. It does not, therefore, appear necessary to up-grade the post of Adviser.

744. During the Fourth Five Year Plan, it is proposed to implement schemes for resettlement of ex-servicemen and personnel of the Assam Rifles within the Agency. It is expected that these schemes will cost about Rs. 121.91 lakhs. In this context, it was suggested that there should be a separate Director of Resettlement. At present this work has been entrusted to the Director of Forests, and in view of its increasing importance, he will not be able to shoulder the responsibility for long. While we concede the need for a separate officer in charge of rehabilitation, we are unable to recommend the creation of an additional post. The number of officers in the NEFA Administration is already more than sufficient and with a little readjustment, it should not be difficult to find a suitable officer to undertake this work on a whole-time basis.

745. In view of the importance of public works, particularly roads, in NEFA, it was suggested that there should be a separate Additional Chief



Engineer located at Shillong. He will co-ordinate the work of the two Superintending Engineers in the Administration. Moreover, with his higher technical powers, fewer sanctions would have to be sought from Delhi.

746. We see the justification of this proposal. In the current year, viz., 1968-69, the total budget provision under head "Public Works (Including Roads) and Schemes of Miscellaneous Public Improvement" is Rs. 2.76 crores. In a latter part of this Chapter, we are suggesting even greater emphasis on road building; hence, there will be a further burden on the P.W.D. We, therefore, feel that there is need for an Additional Chief Engineer. This need, we feel, can be met by up-grading one post of Superintending Engineer, instead of creating a new post of Additional Chief Engineer.

### **Administrative Headquarters**

747. In May, 1966, a Parliamentary delegation headed by Shri S. V. Krishnamoorthy Rao, then Deputy Speaker of the Lok Sabha, visited NEFA. It was represented to the delegation that the location of the NEFA secretariat at Shillong made it difficult for the people to represent their grievances and seek redress. The people, therefore, wanted that the secretariat should be located in the Agency. The delegation recommended that while a skeleton secretariat to assist the Governor could continue at Shillong, all heads of departments should be shifted to a suitable location in NEFA; Yacholi in Subansiri District was suggested for this purpose.

748. The initial reaction of the Assam Governor to the proposal of the rugarh in Assam. In order to select a suitable site after examining all aspects of the matter, a Committee of technical experts consisting of the President and has his headquarters at Shillong, the existing arrangements should be allowed to continue. However, in view of the strong public sentiment in favour of the proposal, it was decided to shift the entire headquarters of the NEFA Administration and not only the development departments to a suitable place in NEFA. Although centrally located, Yacholi was not entirely suitable mainly because the area is completely undeveloped. Alternative suggestions were put forth in favour of Pasighat and even Dibrugarh in Assam. In order to select a suitable site after examining all aspects of the matter, a Committee of technical experts consisting of the Security Commissioner, Superintending Engineer and Director of Health Services, all of the NEFA Administration, and a Central Town Planning expert was set up to select three or four appropriate sites. They were asked to take into consideration all factors such as location, closeness to the railway, availability of power, suitable sites, etc.

749. The Expert Committee has suggested three sites, viz., Likhabali (Lakhimpur district of Assam), Bussar (Siang district) and Bander Dewa (Subansiri district). Before a final decision is taken in this matter, the Administration proposes to consult the Agency Council—an Agency level advisory body proposed to be established under the scheme of democratic reforms.

750. During our visit to NEFA, the demand for an expeditious decision in this matter was put forth by almost every non-official we met. They pointed out that for the people of NEFA, particularly those who lived in the remote interior, Shillong was as inaccessible as Delhi. They, therefore, wanted the administrative headquarters to be shifted to a central location

at the earliest possible opportunity. The justification of this demand does not need any elaboration. While the idea of consulting the Agency Council is sound, we feel that care will have to be taken to ensure that the matter does not get bogged down in rival claims by representatives of various districts.

### Communications

751. The lack of road communications in NEFA is well illustrated by the following figures :—

	Road per 100 sq. kms. of area
NEFA (1961) . . . . .	1.28 Kms.
NEFA (1966) . . . . .	2.13 Kms.
All-India (1966-provisional) . . . . .	29.5 Kms.

Although much has been done in the recent past, it will be many years before the main administrative headquarters are inter-connected by road.

752. Both from the points of view of security and development of NEFA, construction of more roads is imperative. Moreover, till there is a network of roads throughout the area, commitments on account of air-dropping of supplies cannot be reduced, and even at the best of times, these arrangements are unsatisfactory and inadequate. Despite this fact, it was represented to us that each year the plan outlay for roads tends to get reduced. The following figures will bear this out :—

(In lakhs Rs.)

	Outlay proposed by NEFA Admn.	Outlay approved by Plann- ing Com- mission	Approved budget provi- sion	Actual expendi- ture incurred
1966-67 . . . . .	57.45	55.00	46.05	52.00
1967-68 . . . . .	80.00	55.00	60.00	85.00 (anticipa- ted)
1968-69 . . . . .	167.60	100.00	59.00	..

753. Considering the imperative need for roads in this territory, we feel that it would be advisable to formulate a separate Five Year Road Building Plan for NEFA. Once this plan is approved, it must be ensured that adequate finances are provided for its implementation in the stipulated period.

754. The poor road communications of NEFA will have to be supplemented by air services. At present, except for the Indian Air Force, no civil airline operates in this area. As a consequence, except for govern-ment servants, other people cannot avail themselves of the facility of air travel. We suggest that a special air service linking all the district head-quarters with Gauhati may be started. We were given to understand that

certain private parties may be interested in this venture. If this is so, it may be worthwhile investigating this matter; otherwise the Indian Airlines can be approached.

### **Boundary Dispute**

755. As we have indicated earlier in this Chapter, in 1951 some area in the plains, which was formerly included in NEFA, was transferred to Assam. The events leading upto this transfer are discussed briefly in the following paragraphs.

756. The North East Frontier (Assam) Tribal and Excluded Areas Sub-Committees, a sub-committee of the Constituent Assembly's Advisory Committee on Fundamental Rights, Minorities, Tribal Areas etc., recommended that the area of the frontier tracts which was in the plains should be excluded from the area for which direct administration by the President through the Governor of Assam was being recommended. It was intended that the people of the plains area should not be denied the advantages of franchise and regular administration. This recommendation of the Sub-Committee was supported by the main Advisory Committee. On the basis of these recommendations in 1948, the Assam Government approached the Central Government for exclusion of the plains area so as to place it under normal administration. It was, however, not possible to take any action on this request as the Government of India Act, 1935 made no provision for a change in status of the area in question. The Assam Government thereupon suggested that necessary provision should be made in the Constitution then being drafted. Ultimately, such a provision was made in the proviso to sub-paragraph (3) of paragraph 20 of the Sixth Schedule of the Constitution in the following terms :

"Provided that the tribal areas specified in Part B of the Table below shall not include any such areas in the Plains as may, with the previous approval of the President, be notified by the Governor of Assam in that behalf."

At the instance of the Assam Government, in February 1951 the area in the plains predominantly inhabited by the non-hill tribals was excluded from the frontier tracts and brought under normal administration.

757. A total length of approximately 440 miles of the boundary between Assam and NEFA is to be demarcated as a result of the above transfer, but to date only 240 miles have been actually demarcated. The remaining work has been held up because of opposition by the local people. They feel that their forefathers had been cultivating for a generations the area now transferred to Assam and they, therefore, have a legitimate claim to it. The matter has evoked strong feelings among the people. In fact, this topic was raised wherever we went in NEFA, and it was emphasized that the transfer took place without consulting the people.

758. As the matter has aroused strong feelings, it appears essential to arrive at an early solution; otherwise attitudes will harden and make it difficult to find an acceptable solution later on. The shortage of good arable land in NEFA is the real reason behind this dispute. If, therefore, alternative land can be given to the people affected by the transfer, it should be possible to persuade them to accept it in lieu of the land which has now gone to Assam. We suggest that two alternatives can be considered, viz., (a) suitable land may be provided by the Assam Government in

the areas bordering NEFA, which can be allotted to the NEFA tribals for cultivation; the ownership of the land can continue with the Assam Government, and (b) new land can be located and developed for cultivation within NEFA itself so as to meet the prevailing land hunger.

759. An early solution will have to be found, otherwise we fear that this problem may assume the form of an agitation. At the same time effective steps will be necessary to educate the people to support the final decision taken by the Administration.

### Inner Line

760. We have briefly indicated the history of the 'Inner Line' and the purpose it is intended to serve. Some people seem to believe that the 'Inner Line' has only served to insulate the people of NEFA from the mainstream of national life and this, in the long run, will not be beneficial for them. We do not think that this is the correct approach to the problem. There is a fear that if free access is allowed into the Agency, anti-social influences will be the first to enter, and in the present state of backwardness of the people, it may do incalculable harm to them. In any case almost every person, both official and non-official, we met during our visit to NEFA felt that it was in the larger interests of the NEFA people if the 'Inner Line' is allowed to continue. For the present, therefore, there does not appear to be any need for a change in the *status quo*.

761. As we have stated earlier, the density of population in NEFA is only 4.1 per square kilometre (All India—134). In some parts of the territory, therefore, there is a definite paucity of population. In such areas there is a need for organised settlement of people. It is in this context that ex-servicemen and personnel of Assam Rifles are being settled in this area. We feel that this is a step in the right direction and that resettlement work should be stepped up.

## CHAPTER VIII

### THE UNION TERRITORY OF ANDAMAN & NICOBAR ISLANDS

#### Historical

762. From times immemorial, the Andaman Islands have been inhabited by a small Negrito people divided into several groups and tribes hostile to each other. Recent anthropological studies tend to show that these Negritos are a very ancient people, who probably occupied the whole of South-East Asia in pre-historic times.

763. Except for sporadic raids by the Malays and the Chinese, who came here in ships to collect slaves, the aborigines continued in undisputed possession of the Andamans for countless generations. Mention of these islands dates back to the 2nd century A.D. in the writings of Claude Ptolemy, who says that the inhabitants were naked people called Agmatae. Later references have been made to these islands in the writings of Buddhist Monk I' Tsing (672 A.D.), Arab travellers (9th century), Marco Polo (1286 A.D.), Friar Odoric (1322 A.D.), Micolo Conti (1430 A.D.), etc.

764. In the 9th century notes of Arab travellers, the people of the Andamans have been called Angamanians. It is evident from the writings of most other travellers that the islands were inhabited by ugly brutes, who would eat up any man whom they could lay hands on. Marco Polo in his writings states : "Angamanian is a very long island. The people are without a king, and are idolators and no better than wild beasts. All the men of this island have heads like dogs, and teeth and eyes likewise; in fact, in the face they are just like big mastiff dogs. . . .they are a most cruel generation and eat everybody that they can catch, if not of their own race."

765. The word "Andamans" seems to be a corrupt form of the name "Hanuman" or "monkey peoples", the aboriginal antagonists of the Aryan immigrants in India. The Malayans used to refer to them as "Handuman", which further evolved into "Andaman". More authentic factual records of the history of the Andamans are only available from 1788 when steps were taken by the British in India to found a penal colony in the Islands.

766. The Nicobar Islands are quite different from the Andaman Islands. Car Nicobar is 60 miles from the southern-most tip of the Andaman Islands. It is said that the Nicobarese had attained a certain minimum standard of organised life very early in their history.

767. The first definite reference to the Nicobar Islands is found in the great Tanjore Inscription of 1050 A.D. The Chola Kings, who, with their strong navy, had contacts with these islands described them in the inscription as "Nakkavaram" which means the "Land of the Naked". The name "Nakkavaram" was taken up by other medieval writers and its variations are found in the later works of Portuguese, Dutch, Dane and Swede mariners and indeed the modern name of this group of islands, viz., Nicobar, has been derived from it.

768. From the 16th century onwards, the Nicobar Islands attracted the attention of Christian missionaries. The Jesuits were the first to come, but although many of them lived for years in these islands in the 16th and 17th centuries, their attempts to spread Christianity failed. In 1756, the Danes took possession of the islands for colonisation and established their headquarter in Camorta Island. Their missionaries also made efforts to convert the people to Christianity, but they had no success. In the early 19th century, attempts to spread Christianity were again made by Italian and French Jesuits, but these too were in vain. As the colony set up by the Danes did not flourish and their missionary activities failed, in 1848 they relinquished sovereignty over these islands and removed all remains of their settlement. In 1869, as a result of negotiation with the Danish Government, the British formally took possession of the islands.

### **British and Japanese Period**

769. The first recorded attempt to colonise the Andamans was made in 1788-89, when Captain Archibald Blair, acting under orders of Lord Cornwallis, established a settlement at what is now known as Port Blair. Because of the activities of Malay pirates and the frequent massacres of ship-wrecked crews around the Andaman Sea, it was decided to establish a penal settlement in the Islands. In 1792, this colony was shifted northward to a new location now called Port Cornwallis, because of its fine harbour and nearness to Calcutta. As it proved to have an unhealthy climate, the colony was shifted back to Port Blair in 1796. But this settlement prospered little and for the next 60 years or so there are very scanty records of the Islands.

770. As a consequence of the 1857 Mutiny, a large number of persons from the mainland were taken prisoner by the British and deported to Port Blair. Soon the settlement developed into a penal colony and thousands of convicts from India and Burma were sent there to serve long terms of imprisonment.

771. In 1861, the administration of the Islands was transferred from the control of the Government of India to the Chief Commissioner of Burma. In 1869, however, the settlement was re-transferred to the Government of India. In 1872, the administration was for the first time raised to the status of a Chief Commissionership.

772. In 1890, the Lyall Lethbridge Commission visited the Islands to investigate the penal system. Many changes took place as a result of its report. The Cellular Jail, the biggest masonry building in the Andamans, was built (1905) and 'free' and 'convict' districts were demarcated. This was followed by other reforms, which changed the place from a purely agricultural state into a largely industrial one.

773. During World War II, on 21st March 1942, the Japanese occupied the Islands. On 31st December, 1943, the Indian Tricolour was hoisted for the first time by Netaji Subhash Chandra Bose. A significant feature of the Japanese occupation was the pioneering efforts to make the Andamans self-sufficient. This step was forced on them by the Allied naval blockade. From high Japanese officials to menials, every one was compelled to cultivate all available land in order to achieve self-sufficiency. They also constructed 22 miles of roads and developed industries based on local raw materials.

774. The Japanese occupation ended on 8th October, 1945 and civil administration was re-established on 7th February 1946.

### **Constitutional and Administrative Arrangements**

775. Under the British, the Andaman & Nicobar Islands were governed under the provisions of the Scheduled Districts Act, 1874. The Andaman & Nicobar Islands Regulation, 1874 was the first regulation promulgated for the peace and government of the Islands. In 1876, this regulation was replaced by another improved and amplified regulation. The new regulation generally made provision for the administration of justice within the Islands, regulation of arrival and departure of vessels and the landing of passengers and goods, residence in the settlement and miscellaneous matters concerning convicts such as their marriage, escape from detention, etc. Except for the provisions concerning the administration of justice, all the other provisions of the regulation were connected with and incidental to the Andamans being a penal settlement.

776. Subsequently, under the Government of India Acts of 1919 and 1935 (Sections 58 and 94 respectively), the Islands became a Chief Commissioner's Province. The Act of 1874, however, continued to apply till its repeal by the Adaptation of Indian Laws Order, 1937. Under the Government of India Act, 1935, the Chief Commissioner's Provinces were units of the federation (Section 311), but they were under the direct administration of the Federal Government (Section 94); they were governed by the Governor-General acting in his discretion through a Chief Commissioner appointed by him. The Federal Legislature was empowered to legislate in relation to Chief Commissioner's Provinces without any limitation as to subjects.

777. After the enforcement of the Constitution, special provision was made for the administration of the Andaman & Nicobar Islands. Under Article 243 (now repealed), it was laid down that the Territories included in Part D of the First Schedule (only the Andaman & Nicobar Islands were included in Part D) were to be administered by the President acting through a Chief Commissioner or other authority to be appointed by him. The President was given powers to make regulations for the peace and good government of Part D Territories, and such regulations had the force and effect of an Act of Parliament; furthermore the regulations could repeal or amend any law made by Parliament.

778. Under the Representation of People Act, 1951 the Islands were allotted one seat in the Lok Sabha to be filled by a person nominated by the President. Subsequently, under the Union Territories (Direct Election to the House of People) Act, 1965, this provision was changed to that of direct election.

779. In its examination of the problem of the reorganisation of States, in relation to the Andaman & Nicobar Islands, the States Reorganisation Commission stated: "We have considered some suggestions regarding the Andaman & Nicobar Islands and we have had the benefit of hearing the views of the Member of Parliament representing this area. No major change in the existing arrangements regarding the administration of these islands has, however, been proposed and there does not appear to be any case for disturbing the *status quo*." The Commission, however, recommended the appointment of an advisory body to advise the Central Government.

780. The Government of India accepted this recommendation and through the Constitution (Seventh Amendment) Act, 1956, along with some of the former Part C States, the Andaman & Nicobar Islands were constituted into an Union Territory. At the same time, Article 243 was repealed. Thereafter this Territory is being administered by the President acting through a Chief Commissioner. Under Article 240, the President is empowered to make regulations for the peace, progress and good government of the Andaman & Nicobar Islands. As in the Case of regulations under the 1935 Act, the regulations under Article 240 have the same force and effect as an Act of Parliament; such regulations can also repeal or amend any Act made by Parliament or any existing law which is for the time being applicable to the Union Territory.

### Administrative set-up

781. In Chapter II of Part III, we have recommended that the set-up in the secretariat of this Territory should remain unchanged, except that the status of the Chief Secretary and Finance Secretary should be raised to that of a Deputy Secretary and an Under Secretary in the Central Government respectively. There is, however, one other matter which is peculiar to this Territory. In addition to the Chief Secretary, there are three other Secretaries in this Administration. Their designations are :—

- (i) Chief Secretary to the Andaman & Nicobar Administration.
- (ii) Secretary (Finance) to the Chief Commissioner.
- (iii) Development Commissioner-cum-Development Secretary to the Chief Commissioner.
- (iv) Secretary (Judicial) to the Chief Commissioner.

It may be noted that except for the Chief Secretary, the others have been designated as Secretaries to the Chief Commissioner instead of Secretaries to the Administration. We have not been able to ascertain the reasons for this peculiarity in the Secretaries' designations. In all the other Union Territories the Secretaries are designated as Secretaries to their respective Administrations. It is possible that this situation has arisen in the Andaman & Nicobar Islands because there was originally only one Secretary-cum-Financial Adviser to the Chief Commissioner. As and when other Secretaries were added, they also came to be designated as Secretaries to the Chief Commissioner. However, when the post of Chief Secretary was created in 1964, he was given a different designation because Chief Secretaries are normally designated as Chief Secretaries to a Government or Administration and not to any single officer. Whatever the reason for this peculiarity of the Secretaries designations may be, it has led to a somewhat anomalous situation. We were informed by the Chief Commissioner that as orders and instruments made and executed in the name of the Chief Commissioner are authenticated by his Secretaries, on several occasions the Chief Commissioner has been called upon personally to defend the legality of such orders in courts of law. For example, in disciplinary proceedings, as orders were passed by a "Secretary to the Chief Commissioner", the Chief Commissioner has been called upon to defend the consequential court proceedings. In the case of writ petitions filed before the Calcutta High Court, this has meant his journeying to Calcutta to appear before that Court. As there is only a weekly air service to and from Calcutta, this is



not only inconvenient, but has resulted in his absence from headquarters for long periods.

782. Evidently this is a simple matter of redesignating the Secretaries as Secretaries to the Administration and not to the Chief Commissioner. There does not appear to be any legal bar to such a step being taken straightaway.

### *Shipping and Air Services*

783. For communications between the Islands and the mainland, two Government-owned passenger-cum-cargo vessels are in operation. The management and operational control of the vessels has been entrusted to the Shipping Corporation of India. Additional passenger-cum-cargo and cargo vessels for mainland-islands service could not be procured during the Third Plan, mainly for want of foreign exchange. The Shipping Corporation of India has, however, put a cargo-cum-passenger vessel, the s.s. State of Bombay (accommodation for 900 passengers), on the mainland-islands route. There are at present three ships on mainland-islands service. A timber carrier has also recently been commissioned for mainland-islands service. A passenger-cum-cargo ship capable of accommodating 900 passengers and a capacity of 600 tons of cargo is on order and is expected to become available towards the end of 1969. One cargo vessel-cum-cattle carrier and one timber carrier are also on order. These vessels will also become available in 1969.

784. For inter-island communications, there are five Government owned passenger-cum-cargo vessels. Two cargo ferry boats have been recently commissioned and put on the inter-island routes. Another vessel is on order and is expected to be available for inter-island service sometime in 1969.

785. There is at present a direct weekly air service between Calcutta and Port Blair. The question of providing an all-weather air service from the mainland to Port Blair was examined by a technical group specially constituted for the purpose. The group recommended several short and long term measures. Some short term measures already undertaken include the expansion of the existing runways to 6,000 feet, provision of navigational aids and strengthening of existing meteorological facilities. The long-term recommendations of the group are under consideration. The question of construction of airstrips and helipads in other islands is also under consideration.

786. From the above account it will be evident that many steps are being taken to improve mainland-islands and inter-island communications. Communications are, however, the life-line of this island Territory. It may, therefore, be advisable to prepare a perspective plan for this purpose, so that steps can be taken in advance for acquisition of an adequate number of ships; otherwise the economic development of the Territory is likely to be hampered.

787. Similar steps may be taken for provision of a more adequate air link than the present weekly Calcutta-Port Blair service. We understand that a subsidy has to be paid to the Indian Airlines as this service is uneconomic. We feel that it would be in the larger interests of this Territory,

in the Calcutta-Port Blair service is declared of 'national interest', which will obviate the need for payment of a subsidy.

#### *Inter-Departmental Team on Accelerated Development Programme*

788. In April, 1964, the Ministry of Rehabilitation was entrusted with the task of development of such special areas as were to be indicated by the Prime Minister from time to time. The Andaman & Nicobar Islands was one such area taken up for development under the scheme. In 1964, an Inter-Departmental Team consisting of representatives from the Ministries of Rehabilitation, Home Affairs, Finance, Food & Agriculture, Transport, Commerce and Health, the DGTD and Planning Commission was constituted to draw-up an integrated resource development programme for the Islands, particularly for the purpose of rehabilitating migrants from East Pakistan. The Team submitted its report in December, 1965. It drew up a programme covering various important sectors of activity such as forests, agriculture, industry, fisheries, transport, health, etc. It also made recommendations in respect of the agency to be set up for implementation of the programme.

#### *Progress of Work*

789. We have made anxious enquiries about the progress achieved in the implementation of these recommendations. The Department of Rehabilitation has been entrusted with coordination of all development programmes in this area. On the basis of information supplied by this Department, we give below a short account of the progress achieved upto now.

790. *Settlement of Population.*—From amongst new migrants about 477 families were moved in 1965-66 to Betapur and Mayabunder in Middle Andaman. The able bodied amongst these are engaged on road construction, jungle clearance, etc. During 1966-67 and 1967-68, 309 families of migrants from East Pakistan and repatriates from Burma, were moved to the Islands.

791. *Settlement of Ex-Servicemen in Great Nicobar Island.*—The question of opening up the Great Nicobar Island and the settlement of ex-servicemen there has been under consideration for some time. It has now been decided that the first batch of 100 families will be sent to this area by March 1969.

792. *Land Reclamation.*—During the next 4 to 5 years, it is proposed to reclaim about 25,000 acres. Work on the reclamation of land on 3,000 acres of forests known to be available in Betapur in Middle Andaman was commenced in 1965. After excluding the undulating portions, which on further assessment were not considered suitable for reclamation, 2,050 acres of land have since been reclaimed.

793. A technical team led by the Director, River Research Institute, West Bengal, after a visit to the Islands, indicated that there were excellent prospects of reclamation of about 230 square miles of mangrove forests. It is proposed to establish an investigation cell to undertake the necessary surveys and investigations. The work is expected to begin in October, 1968, i.e., after the rains.

794. In order to open the Little Andaman and the Great Nicobar Islands, it has been decided tentatively to reclaim 1,500 acres of land in

the Great Nicobar and 2,000 acres in the Little Andaman. Meanwhile, manual reclamation on a small scale of about 500 acres is being undertaken to meet the requirements of a base camp etc. in the Little Andaman. Similar manual operations on a small scale have been authorised in Katchal.

795. About 2,500 acres of land are available in Neil Island. Timber has already been extracted from about 1,300 acres. This area is proposed to be cleared manually and a scheme is being drawn up for putting it under paddy/coconut/arecanut and resettling migrants families. About 200 families are likely to be absorbed in this Island. 86 families were moved to the Island in April-May, 1967 to work as wage earners and it is proposed to send 114 families during this year.

796. *Agriculture Including Plantations*.—About 2,050 acres of flat land suitable for agriculture has been cleared in the Betapur Valley in Middle Andaman by a Fully Mechanised Unit. After setting apart the areas for field approach, etc., about 1,700 acres of land are available for cultivation. 330 families have been allotted land to the extent of 5 acres each and they have started agricultural operations on the allotted land.

797. A scheme for a Rubber Research-cum-Development Station covering 500 acres in South Andaman has already been sanctioned and is under implementation. Planting of rubber has almost been completed.

798. A project for commercial plantation of rubber on about 6,000 acres in the Katchal Island has been approved and is under implementation. The project is likely to provide employment to 1,200 families. About 150 acres are programmed for planting of rubber during this year.

799. *Soil Survey*.—Five soil survey parties are being organised to conduct soil and land capability studies in the various Islands where reclamation programmes are to be undertaken. Necessary staff is being recruited for the purpose.

800. *Fisheries*.—The Ministry of Food & Agriculture is taking necessary steps for the exploration of the potentialities of deep sea fishing. A programme for off-shore and inland fishing is also under consideration.

801. *Staff for the Accelerated Development Programme*.—For the implementation of the programme, the Andamans Administration has been suitably strengthened. A Chief Development-cum-Rehabilitation Commissioner has been appointed. He will be responsible for the preparation of project reports and for the supervision of the execution of various projects under the programme. He will also be in overall charge of all development work in the Islands. A construction circle headed by the Principal Engineer (Marine) for the jetty construction programme has also been established.

802. *Construction of Jetties*.—The present inadequate transport facilities are being expanded. Landing facilities in the Katchal Island have been provided. Landing facilities are to be provided in the Little Andaman, Great Nicobar, Neil, Havelock, Diglipur, Kamorta and Mayabunder Islands. Temporary landing facilities in the shape of pontoons have been provided in the Great Nicobar and the Little Andaman.

803. *Transport*.—In the previous Section, we have given sufficient details of the steps taken to strengthen the shipping and air services with the mainland and inter-island. We need not, therefore, repeat the same details here.

804. *Scientific Survey of Great Nicobar*.—A comprehensive survey of the Great Nicobar Island has been undertaken by a team of scientists. The recommendations made by the Team are now under consideration.

805. As compared to the progress made in the previous year, the progress in 1967-68 is better. But it will be noticed from the brief account given in the foregoing paragraphs that in many cases, implementation of schemes has not actually started. Considering that the development of this Territory is dependent on the Accelerated Development Programme, it appears necessary to insist on a more vigorous implementation of the schemes that have already been sanctioned and early processing of those which are still under consideration. We, therefore, suggest that an Inter-Ministerial Committee should be formed for this purpose. Representatives from the Ministries of Home Affairs, Finance, Defence, Rehabilitation, etc., may find place on this Committee. The Secretary in charge of Union Territories may preside. It will be the task of this Committee to keep a close watch on the progress made in the implementation of the Accelerated Development Programme.

## CHAPTER IX

### THE UNION TERRITORY OF LACCADIVE, MINICOY AND AMINDIVI ISLANDS

#### *Historical*

806. The Laccadive Archipelago forms, with the Maldives, a long narrow belt extending due north and south from the level of South Kanara District in latitude  $14^{\circ}\text{N}$  to  $0^{\circ}40'\text{S}$ . The Laccadives extend down to  $10^{\circ}$  and consist of a series of isolated islands and submerged banks mostly of small size. The Maldives commence in latitude  $7^{\circ}10'\text{N}$  and form a sequence of large submerged banks and islands. Intermediate between the two groups lies Minicoy in latitude  $8^{\circ}20'\text{N}$ , 114 miles distant from Kalpeni in the Laccadives and 71 miles from Thavandifobe the nearest Maldivian. The two groups are situated on a common bank.

807. The entire group consists of 10 inhabited islands and a number of uninhabited islets. Excluding Minicoy, there are four inhabited islands in the Laccadive group, viz.,

- (i) Kalpeni,
- (ii) Androth,
- (iii) Agatti, and
- (iv) Kavaratti;

and five in the Amindivi group, viz.,

- (i) Amini,
- (ii) Kadmat,
- (iii) Chetlat,
- (iv) Kilian,
- (v) Bitra.

808. Very little is known about the early history of these islands. If the features and traditions of their people are any guide, migrants from Malabar were the first inhabitants. It seems that the islands were independent upto the middle of the 16th century when the Portuguese made a settlement on one of the islands (Amini). Because of their oppressive rule, the islanders rose in revolt against the Portuguese and sought the help of the Raja of Chirakkal, a Hindu Ruler of the West Coast. Eventually, the Raja was able to establish his own authority over all the islands. He held them for several years and later, at some unknown date, he transferred them as a jagir to Ali, the head of the Mopla community in Cannanore, and conferred on him the title of Ali Raja on payment of a fixed "peshkash". This was paid till about the middle of the 18th century, when the Cannanore family taking advantage of the fall of the Chirakkal Rajas, tried to assert their independence. It was at the invitation of Ali Raja, that Hyder Ali invaded North Malabar in 1765 and completed the ruin of the Chirakkal family.

809. The abuses and exactions under the rule of the Cannanore family, particularly in connection with the coir monopoly introduced between 1760-65.

drove the northern islands of Amini, Chetlat and Kiltan (Kadmat being uninhabited) to revolt. In 1783, in breach of the coir monopoly, some islanders of Amini sold two boat loads of coir to Tippu Sultan, who was at that time at Mangalore. Subsequently, in 1784 when an attempt was made to punish them for breach of the monopoly, the islanders rose in revolt. They then offered their allegiance to Tippu. Ultimately in 1787, he accepted the offer and granted in compensation to the Cannanore family, a jagir from the Chirakkal territories.

810. In 1791, the southern islands passed by the conquest of Cannanore to the East India Company, along with other possessions of the Cannanore family. The northern islands, however, continued in Tippu's possession until the fall of Seringapatam in 1799, when along with Kanara, they finally passed into the possession of the East India Company. The accident of the revolt in 1784 thus accounts for the arbitrary division, which placed the northern group of islands (Amindivis) under the administrative control of South Kanara district and the southern islands (Laccadives) under Malabar district. While the annexation of the Amindivis in 1799 by the British was final, the Laccadives continued under the Cannanore family until the surrender of their sovereignty in 1908. The history of the latter group till their final annexation is briefly recounted in the following paragraphs.

811. Upon the fall of Cannanore in 1791, the Chirakkal Raja seized the opportunity to resume the lands granted by Tippu to the Cannanore family as compensation for the loss of the Amindivis. Although their territories had been annexed by the British through conquest, the Cannanore family laid claim to its former possessions. The British, as a matter of policy, agreed to permit them to retain their possession of the Laccadives on payment of a tribute. The amount of tribute, however, became a matter of prolonged correspondence between the two parties. Ultimately an agreement was signed on 30th October, 1796 which fixed the assessment (peshkash) at Rs. 10,000 per annum. The Cannanore family, however, pressed for remission on account of the land recovered by the Chirakkal Raja, which had been originally granted to them by Tippu in compensation for the Amindivis. Ultimately the British accepted that it was partly because of the protection given by them, which enabled the Raja of Chirakkal to keep or resume the territories which had been granted to the Cannanore family by Tippu. The amount of compensation was fixed in 1807 at Rs. 5,250 and this amount continued to be deducted from the tribute payable to the British.

812. The Cannanore family continued to maintain their stance of sovereignty over the Laccadives. Even though for a period of ten years, from 1854 to 1864, the islands had to be attached for arrears of peshkash, their ultimate authority was never in question. Sultan Ali Raja, the head of the Cannanore family, gradually lost all his control over the islands of Agatti, Androth and Kavaratti and his authority was recognised to Kalpeni to a very limited extent. A state of an anarchy appeared to prevail. No monopoly articles were shipped to Cannanore and the British Government refused the Raja's request that they assist him to enforce the monopoly by arms. In fact, the Raja derived practically no income from the islands and on the 3rd April, 1875 it again became necessary to attach them for arrears. This attachment remained in force until 1904 when the Raja agreed to surrender his phantom sovereignty. The object of this surrender was not merely to

clear off the arrears but also, and mainly, to afford an opportunity for introducing much needed reforms in the administration. The formal agreement was signed on 15th November, 1908 and it was ratified by the Governor General on 5th February, 1909. Under this Agreement the islands formed a part of British-India as from 1st July, 1905. In 1912, the Laccadive Islands were formally incorporated in the Madras Presidency. They were placed under the jurisdiction of Madras High Court.

### *Administration*

813. The form of Government which prevailed on the islands in early times appears to have been patriarchal. When the islands first came under the control of the Cannanore Rajas, they appointed agents in each island known as Kariyakars. Each Kariyakar was assisted by an accountant and three or four peons. As no Raja ever visited the islands, there could be no control whatever over the Kariyakars and it can easily be imagined how greatly they abused their power. Their salary was small but they were allowed to levy a cess on the islanders. The Kariyakar himself had to pay the Raja a nazeranah upon appointment and at the time of the renewal of his purwana.

814. When the South Kanara Islands (Amindivis) were annexed by the British, the single Kariyakar who had administered the group from Amini was replaced by a Monegar also resident at Amini. He was assisted by a clerk, with peons permanently stationed on each of the smaller islands. He was given powers of a police Amin and subsequently of a Village Magistrate. In 1872, he was vested with powers of third Class Magistrate. Subsequently the Monegar was appointed as Deputy Tehsildar, and by virtue of his appointment, exercised third Class powers under the Code of Criminal Procedure. His powers were later raised to those of Second Class.

815. On the Malabar islands (Laccadives), the system of administration by Kariyakars nominally prevailed till 1875. After the islands were released in 1964 from the first attachment, the Raja continued to be represented by an agent on each island, but his authority was hardly recognised by the islanders who were in a state of open revolt. During the last attachment in 1875, mainlanders were sent as Amins to replace the Raja's Kariyakars. They, however, proved to be corrupt and incompetent. It was, therefore, decided to appoint islanders as Amins assisted by mainlanders as Gumastas, i.e. clerks. Neither posts were hereditary.

816. After these Islands were ceded to the British on 22nd of January, 1912 the Laccadive Islands and Minicoy Regulation, 1912 was promulgated. With this, law and procedure was to some extent legalised and co-ordinated in the Laccadives. These regulations, firstly, stated the law applicable to the islands; secondly, they laid down the law in relation to criminal and civil justice, both as to offences and procedure in the first case and constitution of courts and procedure in the second case; thirdly, they made certain miscellaneous provisions as to residence of outsiders in the islands. In 1926 the Indian Panel Code was extended to the Laccadives. In 1949, Chapter IX of the Code of Criminal Procedure (Unlawful Assemblies) was also brought into force so long as a police party was on the Islands. Under this Regulation the Amin was empowered to hear cases, both under criminal and civil law.

817. A key to the administration of the islands by the British, was the annual inspection by an officer from the district headquarters in South Kanara and Malabar. Generally, the islands were placed in the charge of the headquarters Deputy Collector. His powers extended to all cases outside the jurisdiction of the Amins and to hear appeals from their decisions. The practice grew up of allowing cases and appeals filed before the Collector or Deputy Collector to pend till the yearly inspection took place. Besides the annual inspection, a yearly scrutiny of accounts was held on the mainland. The Amins of the Malabar Islands (Laccadives) attended at Calicut with their accounts and collections, while the Manager of the South Kanara Islands (Amindivi) attended at the headquarter's office at Mangalore.

### *Post Independence Period*

818. The administrative arrangements briefly described in the foregoing paragraph continued without change even after the attainment of independence. The Amindivi continued to be an administrative part of South Kanara district, and the Laccadives including Minicoy, a part of Malabar district, both in Madras State. In its examination of the problem of the reorganisation of States, the States Reorganisation Commission also considered the question of the Laccadive, Minicoy and Amindivi Islands. Alongwith other claims, Kerala had also asked for the inclusion of South Kanara and the Amindivi and Laccadive Islands in its territory. At the same time, the Government of Madras did not object to the transfer of the non-Tamil speaking district of Malabar to Kerala. Accordingly, the Commission recommended the transfer of this district to Kerala. This transfer implied the transfer of the Laccadives to Kerala. In respect of South Kanara district, the Commission did not concede the entire claim; it only recommended the transfer of one Taluk to Kerala viz., Kasaragod. Regarding the Amindivi Islands, which was part of the district, the Commission felt that in view of the recommended transfer of Malabar including the Laccadives, the Amindivi groups should also form a part of Kerala State. In this manner the transfer of the whole group, viz., the Laccadive, Minicoy and Amindivi Islands to Kerala was recommended.

819. Mainly on considerations of security and the general backwardness of the Islands the recommendations of the States Reorganisation Commission were not accepted by the Government of India. It was decided to place the Islands under Central administration as a Union Territory. Government's decision was translated into the States Reorganisation Act, 1956 and the Constitution (Seventh Amendment) Act, 1956.

820. As in the case of other Union Territories, under Article 239 of the Constitution provision was made for administration of the Territory by the President acting through an Administrator. At the same time, under Article 240 the President was empowered to make regulations for the peace progress and good government of the Territory. While further administrative changes became necessary in respect of other Union Territories, the arrangements for the Laccadive, Minicoy and Amindivi Islands (as also the Andaman and Nicobar Islands) continued unchanged.

821. After 1956, when the Islands were constituted into a Union Territory, the following regulations have been made by the Central Government :—

- (i) Laccadive, Minicoy and Amindivi Islands (Survey and Boundaries) Regulation, 1959 (4 of 1959).



- (ii) The Laccadive, Minicoy and Amindivi Islands Co-operative Societies Regulation, 1960 (5 of 1960).
- (iii) The Laccadive, Minicoy and Amindivi Islands Weights and Measures (Enforcement) Regulation, 1961 (5 of 1961).
- (iv) The Minicoy Island (Abolition of Poll Tax) Regulation, 1964 (2 of 1964).
- (v) The Laccadive, Minicoy and Amindivi Islands (Debt Conciliation and Grant of Loans) Regulation, 1964 (8 of 1964).
- (vi) The Laccadive, Minicoy and Amindivi Islands (Protection of Scheduled Tribes) Regulation, 1964 (9 of 1964).
- (vii) The Laccadive, Minicoy and Amindivi Islands Land Revenue and Tenancy Regulation, 1965 (6 of 1965).
- (viii) The Laccadive, Minicoy and Amindivi Islands (Laws Regulation, 1965 (8 of 1965).
- (ix) The Laccadive, Minicoy and Amindivi Islands (Civil Courts) Regulation, 1965 (9 of 1965).

822. With a view to modernise its administration and bring judicial and revenue administration in line with the arrangements on the mainland, the Land Revenue and Tenancy Regulation, the Laws Regulation and the Civil Courts Regulation, all of 1965, have been promulgated. The Land Revenue and Tenancy Regulation provides for settlement and assessment of land revenue, rights and liabilities of holders of land and other matters relating to land administration in the Territory. This regulation also provides for a hierarchy of revenue officers. So far as judicial administration is concerned, the Civil Courts Regulation provides for the constitution of a Court of a District Judge, a court of a Subordinate Judge and Courts of Munsifs.

823. The reforms in the judicial administration also necessitated the extension to these Islands of certain connected laws enacted before the commencement of the Constitution but which were not applicable to the Territory. Moreover, there was some confusion in relation to the enforcement of laws in the Laccadive Islands and Minicoy on the one hand, and the Amindivi Islands on the other. For instance, the Code of Criminal Procedure applied in its entirety to the Amindivis, but only Chapter IX of the Code applied to the Laccadive Islands and Minicoy so long as a police force was present there. Certain provisions of the Code of Civil Procedure applied to the Amindivis but not in the other islands. The proposed reform of the judicial administration of the Territory, therefore, also sought to unify the application of laws throughout the Islands.

824. The Laws Regulation seeks to achieve the above objectives. It provides for extension of such Acts (listed in the schedule of the Regulation) as are necessary to bring the pattern of administration of the islands in line with the administrative system prevalent on the mainland. Under this Regulation, the Code of Criminal Procedure has been uniformly extended to the islands. One noteworthy feature is that the Administrator is empowered to make rules to impose reasonable restrictions, in the interest of the general public or for the protection of the interests of Scheduled Tribes, on any

person, who is not a native of the Islands, to reside in or visit the Islands. Moreover, the local authorities can order any islander to report the unauthorised entry or escape of foreign nationals; a fine has been provided for non-compliance.

825. On the enforcement of the Civil Courts Regulation and the Laws Regulation from the 1st November, 1967, the Code of Criminal Procedure and the Code of Civil Procedure have been uniformly enforced throughout the Islands.

### *Administrative Set-up*

826. In an earlier chapter, we have suggested that the designation of the Administrator of this Territory should be changed to Chief Commissioner. However, as the size and magnitude of problems in this Territory is less than the other Territories with Chief Commissioners, we have recommended that the status of the Chief Commissioner for the Laccadives should be equivalent to a Director in the Central Government. We do not envisage any change in the pattern of the Secretariat and other administrative organs of this Territory.

### *Communications*

827. Lack of a dependable link with the mainland is a major problem for these islands. Till quite recently, the only means of transport available was through country boats—a risky and hazardous means of travel. In any case country boats can only ply during the fair season. In 1958, for the first time, a ship was chartered by Government for service during the fair season. From 1963, however, two chartered ships are plying regularly between the islands and the mainland. On account of lack of harbour and navigational facilities in the islands, the service is interrupted during the monsoons. Even though a new ship has been acquired in December, 1966 it has not been possible to ensure an all-weather service.

828. Steps have now been taken to acquire an all-weather vessel at an estimated cost of Rs. 1.53 crores. At the same time, an elaborate scheme for improving harbour and navigational facilities has been drawn up by the Ministry of Transport, which is estimated to cost about Rs. 1.30 crores.

829. As in the case of the Andaman and Nicobar Islands, shipping provides a life-line for these islands. During our visit to the Islands, we were faced with a universal demand, supported by all shades of opinion, for a reliable all-weather shipping service to the mainland. The people of Minicoy were particularly vehement in pressing this demand. Evidently, a large part of the adult male population of this island serves in the merchantile marine, both of this country and in foreign shipping lines. When they come home on leave, they often find considerable difficulty in reaching Minicoy, particularly during the monsoons when the scheduled services are withdrawn. Evidently the provision of an all-weather shipping service to mainland is an urgent necessity. Simultaneously action will also be needed to improve harbour facilities in the main islands.

## CHAPTER X

### THE UNION TERRITORY OF DADRA & NAGAR-HAVELI

#### *Historical*

830. The enclaves of Dadra and Nagar-Haveli came under Portuguese rule as a result of a treaty between the Marathas and the Portuguese in 1779. The origin of this treaty lay in the conflict between the Maratha and the Portuguese fleets on the Indian seas and in the civil war which broke out among the Marathas in 1774. In 1769, four Portuguese vessels had been seized by the Maratha fleet near Massein and destroyed. In 1774, Camara, Governor and Captain-General of Goa, sent his envoy to the Maratha Court at Poona for opening negotiations relating to compensation for the capture and destruction of the Portuguese vessels. It was also conveyed to the Marathas that the Portuguese would abandon the cause of the dissident Maratha Chief, Data Sahib Raghoba, and make a treaty of friendship with the Peshwa. The negotiations extended over a period of five years or so, till in 1779 the treaty of friendship was finally concluded. In recognition of the friendly sentiments expressed by the Portuguese and as a measure of compensation for the destruction of their vessels, the Maratha Durbar agreed to assign to the Portuguese villages with an annual revenue of Rs. 12,000. It was clearly set out in the Treaty that the grant of the villages was in the nature of a 'Jagir' or 'Saranjam'. Accordingly, in 1780 in pursuance of the provisions of this Treaty, the Subedar of Bassein, under orders of the Maratha Court, selected nine villages from Pargana Kha!adi Pawadi, a district contiguous to Daman for transfer to the Portuguese. However, as a result of military activity on the part of the British in the districts surrounding Daman, the grant of these revenue villages could not be made; in fact, the assignment was not made for another three years. In 1783, fresh orders were issued by the Court for selection of new villages and Pargana Nagar-Haveli was selected for this purpose; the entire Mahal, except six villages, was ultimately given to the Portuguese. In a subsequent representation by the Portuguese that the revenue had proved to be short of Rs. 12,000 per annum, the Peshwa decided to make a fresh assignment to make up for the shortfall. Accordingly, in 1785 the six remaining villages of the Mahal of Nagar-Haveli were also assigned to the Portuguese. It is interesting to note that just before the fall of the Maratha Empire, a decision had been taken by the Poona Court to resume the Portuguese 'Jagir' as it was alleged that they had rendered no service to the Court under the terms of the original Treaty. Be that as it may, in 1817 the British assumed power from the Marathas and, as a consequence, no action could be taken for the termination of the Portuguese Jagir.

831. The Treaty of Poona concluded between the British and the Peshwa in 1817 established British sovereignty over the territory of the Peshwa adjoining Daman. Even though the British allowed the Portuguese to remain in possession of their enclaves in Dadra and Nagar-Haveli, they declined to recognise any obligation arising out of arrangements between the Portuguese and the Peshwa in respect of any general right of freedom of passage or transit between Daman and the enclaves. Despite persistent attempts by the Portuguese to claim exemption from duties and taxes imposed on the transit of goods from the enclaves to Daman, the British refused to oblige. From

time to time, however, certain concessions were given, but as there were many instances of misuse, the concessions were subsequently withdrawn.

832. The British did not, as successors of the Marathas, themselves claim sovereignty, nor did they accord express recognition of Portuguese sovereignty over the enclaves. At the same time, the exclusive authority of the Portuguese was also never brought in question. Thus Portuguese sovereignty over the villages was recognized by the British, both in fact and by implication, and was subsequently tacitly recognized by India. As a consequence the villages comprised in the Maratha grant ultimately acquired the character of Portuguese enclaves within Indian territory.

833. The movement for the liberation of the Portuguese possessions in India dates from before World War II, but it received a sharp stimulus after the British recognition of Indian Independence at the end of the War. The people of Daman & Diu and also of Dadra and Nagar-Haveli being closely related to the people of the surrounding districts of British India, it was inconceivable that when the movement for independence grew in British India and in the French possessions, repercussions should not be felt in the Portuguese possessions. It is unnecessary to recount in detail the various stages of the Goa liberation movement. Regarding Dadra and Nagar-Haveli, in July, 1954, Mr. Mascarenhas and Mr. Waman Desai, President and Secretary respectively of the United Front of Goans, entered the village of Dadra with a small party of Goan compatriots. The Portuguese police opened fire on the party and in the resultant melee two police officers were killed. The agitation in Dadra developed into an active liberation movement and in the first week of August 1954, the members of the Azad Gomantak Dal and Goans People's Party entered Nagar-Haveli. They met with no resistance, as the Portuguese administrator of Dadra and Nagar-Haveli and his entire police force had left the administrative headquarters, Silvassa, the previous day. Thus in the short space of 11 days between 21st of July and 2nd August, 1954, both Dadra and Nagar-Haveli had been liberated.

834. The people of Dadra and Nagar Haveli proclaimed their independence from Portuguese rule and set up an administration of their own. They requested Dr. A. Furtado, a Goan patriot and former Administrator of the Comunidades and Judge of the Administrative Court of Panjim, to assume charge as Administrator of Free Dadra and Nagar-Haveli. A provisional administration was first set up. Three months later on the 25th November, 1954, a constituent assembly of 36 members, called the Gram Panchayat of Dadra and Nagar-Haveli, was convened. This body continued till 1956 when, as a consequence of the creation of local councils (Local Panchayats), it was dissolved and replaced by the Central Assembly of the People, the Varishtha Panchayat, consisting of 36 members. These steps were in sharp contrast to the Portuguese system of administration in which the local people had no voice in their own affairs. Executive power was concentrated in the hands of the Administrator of Nagar-Haveli, who was directly under the control of the Governor of Daman, and through him the Governor of Goa. Judicial functions were likewise concentrated in the hands of the Administrator. The new Administration now proceeded to separate the functions of Government between the Varishtha Panchayat, which was responsible for legislative functions, the Courts of Law, which were responsible for judicial functions and the Administrative Council, which was responsible for executive functions.

835. The new Administration felt that in view of the exceptional backward conditions in which the people had been kept by the Portuguese, it would not be advisable to have an elected legislative body. Hence the 36 members of the Varishtha Panchayat were selected from different classes, religions, linguistic groups and areas. The functions of the Varishtha Panchayat were advisory in character. Bills and the budget were submitted for its approval. Its members could ask questions on current affairs and introduce Bills.

836. The executive functions of the Government were exercised through the Administrative Council consisting of the Administrator and the heads of eight departments. This body functioned as a Cabinet in miniature. Although the Council was not responsible to the Varishtha Panchayat, the Sarpanch attended the meetings of the Council, and in important matters, the opinion of the Panchayat was obtained before a decision was taken in the Administrative Council.

#### *Case in World Court*

837. Soon after the liberation of Dadra and Nagar-Haveli, Portugal filed a complaint before the International Court of Justice at the Hague; she asked the Court :

- “(a) To recognize and declare that Portugal was the holder or beneficiary of a right of passage between its territory of Damao (littoral Damao) and its enclaved territories of Dadra and Nagar-Haveli, and between each of the latter, and that this right comprises the faculty of transit for persons and goods, including armed forces or other upholders of law and order, without restrictions or difficulties and in the manner and to the extent required by the effective exercise of Portuguese sovereignty in the said territories.
- (b) To recognize and declare that India had prevented and continued to prevent the exercise of the right in question thus committing an offence to the detriment of Portuguese sovereignty over the enclaves of Dadra and Nagar-Haveli and violating its international obligations deriving from the above-mentioned sources and from anyother, particularly treaties, which may be applicable.
- (c) To adjudge that India should put an immediate end to this *de facto* situation by allowing Portugal to exercise the above-mentioned right of passage in the conditions herein set out.”

838. India's case before the International Court was essentially based on the claim that the 1779 treaty with the Marathas, as a result of which Portugal gained possession of the enclaves of Dadra and Nagar-Haveli was, in fact, a grant of a jagir which was revocable at the will of the Marathas. It did not confer any sovereignty in the Portuguese. During the Maratha and British periods, the Portuguese had no right of passage over the intervening Indian territory for the transit of persons and goods as well as of armed forces, to ensure the full exercise of Portuguese sovereignty.

839. The judgement of the Court was delivered on the 12th April, 1960. On the crucial question whether the Portuguese had sovereign rights in relation to enclaves of Dadra and Nagar-Haveli, the Court held that the Treaty

of 1779 and the Sanads of 1783 and 1785 were intended by the Marathas to effect in favour of the Portuguese only a grant of a jagir or saranjam and not a transfer of sovereignty over the villages in question. On the main issues before it, the Court held :—

- (1) "Portugal held in 1954 a right of passage.....subject to the regulation and control of India, in respect of private persons, civil officials and goods in general."
- (2) "Portugal did not have in 1954 such a right of passage in respect of armed forces, armed police, and arms and ammunition."
- (3) "India has not acted contrary to its obligations resulting from Portugal's right of passage in respect of private persons, civil officials and goods in general."

The Court declined to consider whether the limited rights of passage it had conceded continued to exist in the circumstances that obtained in Dadra and Nagar-Haveli on the date of judgement; in other words, whether the right survived the overthrow of the Portuguese regime. It noted that India held that even this limited right had been extinguished by the liberation of the enclaves.

### *Integration*

840. On 12th June, 1961, the Varishtha Panchayat passed a resolution requesting that the territory be integrated with the Indian Union. Accordingly, by the Constitution (Tenth Amendment) Act, 1961, Dadra and Nagar-Haveli was added to the list of Union Territories in the First Schedule of the Constitution. At the same time, the President's regulation making powers were also extended to the new Union Territory (Art. 240). The Constitutional amendments came into force retrospectively from 11th August, 1961.

841. To make provision for the representation of the new Union Territory in Parliament and for its administration, on the 2nd September, 1961 the Dadra and Nagar-Haveli Act, 1961 has been enacted by Parliament. One seat has been allotted for the Union Territory in Parliament. Further, the Varishtha Panchayat has been recognised as the main advisory body of the Territory. It is laid down that the Panchayat shall have the right to discuss and make recommendations to the Administrator on (a) matters of administration involving general policy and schemes of development, and (b) any other matter referred to it by the Administrator. Although the functions of the Panchayat are advisory, the Administrator is required to give due regard to that advice in reaching decisions in a matter in relation to which the advice has been given. The Central Government have been given powers to extend any enactment in force in a State by notification to the Territory.

842. A list of Regulations promulgated under Article 240 of the Constitution and a list of State Acts extended to the Territory under the Dadra and Nagar-Haveli Act, 1961 are at Appendix XVI.

### *Administrative set-up*

843. In our consideration of the administrative problems of this territory, we gathered the impression that the present administrative set-up (the Secretariat-cum-District type) is well suited to its peculiar needs. Not only is this system working efficiently, but it is also economical. We are informed

that at the initiative of the Collector, a Work Study Committee has been examining the staff structure in various offices of the Administration with a view to reorganisation and economy. We were interested to learn that as a result of the recommendations of this Committee, 39 posts were found surplus. This has resulted in an economy of Rs. 1.10 lakhs per annum; in addition, the creation of 56 posts which had been approved in the past was postponed, thus resulting in a preventive economy of Rs. 3 lakhs.

844. In a set-up which appears to be functioning well and where the Administration is alive to the needs of reorganisation and economy, there does not appear to be any advantage in making unnecessary changes. We have not, therefore, made any recommendation for change in the set-up of this small Territory.

### *Indebtedness of Tenants*

845. Under the provisions of the Free Dadra & Nagar-Haveli Tenancy and Agricultural Lands Ordinance, 1961, which still continues in force, a landlord cannot recover rent in excess of 1/6th of the crop-share grown in the land to which the rent relates. Following the failure of the monsoons for three successive years from 1964 to 1966, in many cases tenants found considerable difficulty in paying the rent due on their holdings.

846. The Administration has tackled this problem in two ways. Firstly, the quantum of rent, which is considered to be very high in the prevailing conditions of backwardness and the poor quality of land, has been reduced to a maximum of the cash equivalent of 1/8th the crop-share or Rs. 33 per hectare whichever is less. Secondly, in order that landlords may not evict their tenants for failure to pay rent in time, a scheme has been drawn up to advance loans to individual tenants to enable them to pay their arrears of rent.

847. While these steps will help in solving the current problem of indebtedness, we feel that it would be useful if the whole question of landlord-tenant relations is reviewed in the light of the latest thinking on this subject. The Land Reforms and Tenancy Acts of Maharashtra and Gujarat can serve as models.

### *Industrial Development*

848. In 1964-65 a survey, of the industrial development potential of Dadra & Nagar-Haveli was conducted by the Central Small Industries Organisation. This Organisation felt that the Territory had special advantages for industrial development because of the easy availability of plentiful low cost land and cheap unskilled labour, which could be trained and diverted for employment in industry. The measures recommended for industrial development were : (a) creation of a Department of Industries, (b) provision of electricity from the adjoining State of Gujarat with special concessions for industrial units, (c) connecting all villages with roads, (d) arranging for technical training of workers, and (e) providing credit and other facilities to entrepreneurs. The report identified the sectors where there was scope for development of new industries e.g., catechu extraction, straw board, mangalore tiles, etc.

849. The Territory has since made satisfactory progress towards its industrial development. A separate Department of Industries has been created with an Industries Officer in charge. Electricity from Gujarat has been supplied and over 30 industrial connections have been given. Power rates for industries have been fixed at the same rates as in Gujarat; there is now no shortage of power. A good net-work of roads is being built linking most villages in the Territory. Steps have been taken to start a technical school and a training centre. In 1964, an Industrial Estate was established and out of the 95 plots laid out in the Estate, 78 have been allotted to different industrial units. 11 units have already reached the production stage. The Gujarat State Financial Corporation has also extended its jurisdiction to this Territory.

850. While these developments are commendable, there are other spheres in which there is scope for further action. For instance, it may be advantageous to carry out an early survey of the mineral resources of the Territory. Farther, we understand that a proposal for setting up a Paper Mill was mooted by the Union Territory about three years back and is still under consideration of Government. This requires to be expedited. There is nothing to indicate the progress made, if any, in the matter of development of industries like catechu extraction, straw board, mangalore tiles etc. We suggest that these matters may be expeditiously looked into.



## CHAPTER XI

### THE UNION TERRITORY OF CHANDIGARH

#### *Introduction*

851. The Union Territory of Chandigarh came into existence on the first day of November, 1966. It owes its origin to the language controversy in bilingual Punjab.

852. Even before the question of the reorganisation of States on a linguistic basis was taken up by the Central Government, on political considerations, the Government of Punjab had in 1949 decided to divide its territory into two linguistic regions. Punjabi in Gurumukhi script was to be the language of the Punjabi Region and Hindi in Devnagari was to be the language of the Hindi Region. These arrangements, popularly called the Sachar Formula, did not, however, succeed in dampening the demand for a reorganisation of the State on linguistic lines. When the States Reorganisation Commission considered the case of Punjab, it declined to recommend division of the State on the ground that : "Linguistic homogeneity has to be aimed at as an instrument for facilitating social and political intercourse among the people, and for ensuring the close association of the people with the Government. If this criterion be applied, it will be found that there is no real language problem in the State of Punjab as at present constituted. This is so because the Punjabi and Hindi languages as spoken in the Punjab are akin to each other and are both well understood by all sections of the people of the State."

853. On this consideration, the Commission concluded that : "The creation of a Punjabi speaking State would offer no solution to the language problem, the present arrangements for the recognition of both Punjabi and Hindi could not be done away with, and the controversies would not in all probability come to an end, and while no major problem would be solved, both the languages might suffer."

854. The recommendations of the Commission, which were subsequently accepted by the Government of India, aroused vigorous opposition mainly from the protagonists of the Punjabi language, who repeatedly pressed their demand for the formation of a Punjabi speaking State. To meet these demands, a Regional Formula was evolved and the scheme embodying the terms of the formula was placed on the table of the Lok Sabha in April, 1956. It was decided that Punjab would continue to be a bilingual State but it would be divided into two linguistic regions. There would be a Regional Committee of the State Assembly for each such region. Legislation relating to specified matters would be referred to the concerned Regional Committee and its advice was to be normally accepted by the Government and the State Legislature.

855. By the Constitution (Seventh Amendment) Act, 1956, the Constitution was amended so as to authorise the President to provide for the constitution and formation of Regional Committees of State Legislatures of certain States including Punjab. On the 24th July, 1957, the Government of Punjab notified the two regions into which the State was to be divided. The

Chandigarh Capital Project area, however, was not to be included in either of the regions. By a Presidential Order (under the provision of Article 371 of the Constitution) the Regional Committees came into being in November, 1957. This Order and some subsequent amendments made provision for the territorial division of the State into two linguistic regions and the matters which were to be within the purview of each Regional Committee. The scheme was intended to serve a dual purpose, viz., (a) to define the language policy of the State; and (b) to provide for consultation with the Regional Committees on legislation on certain matters while maintaining the unity of the Legislature. For various reasons, the scheme never worked satisfactorily, and as a consequence, the language agitation was resumed. In pursuance of a policy statement by the Union Home Minister in the Lok Sabha on 6-9-1965, a Parliamentary Committee of 22 Members under the chairmanship of Sardar Hukham Singh was appointed to go into this question. The conclusions of this Committee, which submitted its report to Parliament on 18th March, 1966 were :

"It would be in the larger interests of the people of these areas and the country as a whole that the present State of Punjab be reorganised on linguistic basis. The Punjabi Region specified in the First Schedule to the Punjab Regional Committee Order, 1957, should form a unilingual Punjabi State, and the hill areas of the Punjab included in the Hindi Region of the Punjab which are contiguous to Himachal Pradesh and have linguistic and cultural affinity with that Territory, should be merged with Himachal Pradesh. The remaining areas of the Hindi speaking region of the Punjab should be formed as a separate unit called the Haryana State".

### **Punjab Boundary Commission**

856. The Central Government accepted the above principle and on the 18th April, 1966 announced the appointment of a Commission to determine the boundary of the States of Punjab and Haryana. On the 23rd April, 1966, under the chairmanship of Justice J. C. Shah, Judge of the Supreme Court, a three-man Boundary Commission was appointed to "examine the existing boundary of the Hindi and Punjabi regions of the present State of Punjab and recommend what adjustments, if any are necessary in that boundary to secure the linguistic homogeneity of the proposed Punjab and Haryana States." The Resolution laid down that : "The Commission shall apply the linguistic principle with due regard to the Census figures of 1961 and other relevant considerations. The Commission may also take into account such other factors as administrative convenience and economic well-being, geographic contiguity and facility of communication and will ordinarily ensure that the adjustments that they may recommend, do not involve breaking up of existing tehsils".

857. The Commission presented its report on the 31st May, 1966. While its report was unanimous on all other issues, in respect of Kharar Tehsil (including Chandigarh) the Chairman and Shri M. M. Philip, Member, recommended its transfer to Haryana, while Shri S. Dutt, Member, felt that it should more appropriately be transferred to Punjab. The main considerations which weighed with the majority are as under :—

- (i) According to the 1961 Census, out of a total population of 3,32,361 in Kharar tehsil, 55.2% (1,83,453) were Hindi

speaking and only 43.9% (1,45,768) were Punjabi speaking. In the urban area of Chandigarh, the percentage of Hindi speaking people was even higher, namely, 73.3%.

- (ii) The large percentage of students in 1965 and 1966, who opted to answer question papers in Hindi from Chandigarh and Kharar tehsil, supports the inference that the language of the region is predominantly Hindi. In 1966, out of 4,506 students appearing for the Higher Secondary and Middle School examinations, 3,450 opted for Hindi medium.
- (iii) In the rural areas of Kharar tehsil, the Punjabi speaking people have a marginal superiority in numbers over the Hindi speaking people. But in accordance with the terms of reference of the Commission, the tehsil was to be taken as a unit. As indicated above, in the tehsil as a whole, the Hindi speaking population enjoyed numerical superiority.

On these considerations, the Commission recommended the inclusion of Kharar Tehsil in the new Hindi speaking State of Haryana.

858. In his dissenting note, Shri Dutt advanced the following reasons for recommending the inclusion of Kharar tehsil (minus Kalka police stations) in Punjab, viz.,

- (i) On three sides, Chandigarh was surrounded by areas included in the Punjabi Region and only in the south-east by a part of the Hindi speaking Region. It was therefore, more centrally situated in relation to Punjab than Haryana.
- (ii) Under the 1949 Sachar Formula, Kharar tehsil was placed in the Punjabi Region. Although Chandigarh Capital Project was treated as bilingual under the Punjab Regional Committees Order, 1957, for the purpose of election to the Legislative Assembly it formed part of the Chandigarh Assembly constituency and its M.L.A. used to sit with the Regional Committee for the Punjab Region.
- (iii) Chandigarh had a floating population of about 70,000 workers employed on construction, transport and other services. If this population was not taken into account, the difference between the number of Hindi speaking people and Punjabi speaking people in Kharar tehsil would be greatly reduced.\*
- (iv) As Chandigarh was a developing capital and its population had not been integrated with the surrounding rural area in the same manner as in older established towns like Ambala, Jullundur and Patiala, there was justification for disregarding the non-permanent residents of Chandigarh in considering the question of its inclusion in either of the new States.

859. The Government of India accepted the recommendations of the Boundary Commission *in toto* except in regard to Kharar Tehsil, mainly

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\*This point was contested in the majority view. It was stated that it was pure assumption that the working classes in Chandigarh were exclusively drawn from non-punjabi speaking areas and that avocation could not be the basis for being counted as residents.

because of the political controversy concerning the future of Chandigarh. It was decided to constitute certain portions of the disputed tehsil, including Chandigarh, into a Union Territory. The decisions of the Centre found place in the Punjab Reorganisation Act, 1966, which came into force on 1-11-1966. Along with the new States of Punjab and Haryana, the tenth Union Territory of Chandigarh has been added to the First Schedule of the Constitution; separate representation has been provided to the Union Territory in the Lok Sabha. This step was intended to be a temporary measure till a more lasting solution could be found for the future of Chandigarh.

#### **Administrative Set-up**

860. As we have indicated earlier, there is no Chief Secretary in this Administration. The two Secretaries in the Administration are equivalent in pay and status to Under Secretaries at the Centre. There are, in addition, another two *ex-officio* Secretaries. In his discussions with us, the Chief Commissioner emphasised that the present secretariat set-up is more than adequate for the needs of this small Territory. Mainly on this consideration, we have not recommended any change in the existing set up.

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**PART V**  
**THE FUTURE OF UNION TERRITORIES**

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**229-230**

**L8Dcptt. of AR/68**



861. In Parts III and IV, we have dealt in considerable detail with the administrative, financial and special problems of the Union Territories. We had left consideration of certain political issues till the last. These issues can broadly be categorized into, (a) demands for Statehood, (b) the problems of merger, and (c) the special problems of Delhi.

862. When the Union Territories were formed as a result of the recommendations of the States Reorganisation Commission, there was a clear understanding that this was a temporary expedient and that they would ultimately merge in the neighbouring States. A clear indication of the future of the Union Territories was, therefore, available. Subsequent developments have, however, given a set-back to this policy. On the one hand, there are Union Territories such as Himachal Pradesh, Manipur and Tripura which now aspire for Statehood; on the other, there are Territories like Goa, Daman & Diu, Chandigarh and Dadra & Nagar-Haveli where there is controversy about their merger in the neighbouring States.

863. When the question of Statehood for Himachal Pradesh came up before the Rajya Sabha in August, 1968 in connection with a non-official resolution, it was clarified on behalf of Government that if it was found that conditions justifying the continuance of a Union Territory had ceased to exist, Government would not hesitate either to merge it with the adjoining State or give it Statehood. From this statement it will be evident that Government's policy in relation to the future of Union Territories is apparently unchanged. Against this background, we may now consider the questions of Statehood and merger in a little more detail.

864. In the case of Delhi, there has been no serious suggestion either for grant of Statehood or its merger in either of the States which adjoin this Territory. Various problems have, however, been created by the fact of the national capital being located in this Territory; this has made the future of its political set-up somewhat uncertain. We have, therefore, thought it best to deal with the special problems of Delhi in this Part of our Report.

## CHAPTER I

### STATEHOOD

865. Although Himachal Pradesh is in the vanguard in demanding statehood, there are other Union Territories also where such a demand is being put forth. Manipur is a case in point. Even in Tripura this demand is being heard although not as vigorously as in the other two Territories. While we may consider the claims advanced by each of these Territories, it would be more useful to consider Himachal Pradesh's case in greater detail for it is this Territory which typifies such demands.

866. As we have explained earlier, our terms of reference do not require us to pronounce judgement on the merits or demerits of such demands for statehood but we feel that this problem needs consideration with another objective in view; whether there is scope for a clearer definition of Government's policy in respect of such demands for statehood? With this objective in view, we have enquired into the main arguments advanced both in support of and against the demand for statehood. For the reasons explained above these enquiries were mainly concerned with Himachal Pradesh.

#### **Himachal Pradesh's Case for Statehood**

867. At the outset we may clarify that the account in this section is mainly based on the statement made by Dr. Y. S. Parmar, Chief Minister, Himachal Pradesh in the Himachal Pradesh Vidhan Sabha on the 24th January, 1968.

868. The foundation of Himachal Pradesh's claim to statehood was laid in 1948 when Sardar Vallabhbhai Patel\* as Home Minister wrote to Dr. Pattabhi Sitaramayya, the then Vice-President of the All India States Peoples' Conference, in connection with the clarification sought by local leaders about powers that would be exercised by the Princes in relation to the territories ceded by them. The relevant portion is reproduced below :—

“The ultimate objective is to enable this area to attain the position of an autonomous Province of India. This objective would be attained in two stages. The area will, in the first instance be administered by an Administrator, probably an officer of the Chief Commissioner's status assisted by an Advisory Council consisting of Rulers and representatives of the people appointed in such manner and with such functions as the Central Government may decide. Subsequently, subject to the decision of the Constituent Assembly, it is proposed that the administration should be put in charge of a Lt. Governor assisted by an Advisory Council, representing the Princes and a Legislature in the Province. In the final stage, after this area is sufficiently developed in its resources and administration it is proposed that its constitution should be similar to that of any other Province.”

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\*This has obvious reference to a letter signed by Shri V. Shankar, Private Secretary to Sardar Vallabhbhai Patel. We have verified this fact from the records of the erstwhile Ministry of States.



869. The future of the territory, it is claimed, is clearly stated in the words of Sardar Patel, viz., "The ultimate objective is to enable this area to attain the position of an autonomous Province of India". The only prerequisite for the grant of this status was a sufficient development of its resources and administration. It is now claimed that both pre-conditions for grant of statehood have been more than fulfilled, and all that remains is for the Union Government to carry out its side of the bargain.

870. Since its formation in 1948, the great development, both in resources and administration, that has taken place in the Territory will be evident from the following figures :

	Himachal Pradesh as formed in 1948	Himachal Pradesh as in 1968
Revenue . . . . .	Rs. 8.5 million	Rs. 137.9 million
Area . . . . .	28,192 Sq. Kms.	58,232 Sq. Kms.
Population . . . . .	9,35,000	29,00,000

This factor alone, it is argued, should be sufficient to concede the case for statehood.

871. It is usually contended that if the Union Government concedes Himachal Pradesh's claim for statehood, it is likely to be followed by similar claims from other Union Territories and this will create unnecessary problems for the Central Government. This argument, it is claimed, does not take into account the fact that Himachal Pradesh has always been treated separately and that its position is different from other Union Territories. In support of this claim various utterances of Shri Gopalaswami Ayyangar, the then Minister for States, in Parliament in 1951 have been quoted to show that it was always the intention of the Union Government to treat Himachal Pradesh and Vindhya Pradesh on a separate footing from the other Part C States. If claims for statehood are put forth by other Union Territories as a consequence of the grant of statehood to Himachal Pradesh, they should be examined on merits, but the fear that there will be many such claims cannot be an argument against the grant of statehood to Himachal Pradesh if it is otherwise justified.

872. With the transfer of large areas to Himachal Pradesh from the erstwhile State of Punjab as a result of its reorganisation in 1966, the area of the Territory has increased from 28,192 sq. kms to 58,232 sq. kms. Similarly, its population has increased from 13,51,144 to 28,11,731 (1961 census). In area, therefore, Himachal Pradesh, a Union Territory, is now larger than four States, viz., Punjab, Haryana, Nagaland or Kerala. Its population is also larger than that of Nagaland.

873. The area and population of Himachal Pradesh are not only of significance in the Indian context, but when compared with the United States of America, there are eleven States which are smaller than Himachal Pradesh both in area and population. Similarly, there are 30 States which have lesser population than Himachal Pradesh. The denial of statehood to Himachal Pradesh is unjustified when it is evident that there are several States in the United States of America which are either smaller in area or population or both in comparison to Himachal Pradesh.

874. While in area and population Himachal Pradesh is comparable to a number of smaller States, its financial position is no worse than that of most other States of the country. This is a factor of considerable significance because a serious objection to grant of statehood is the alleged lack of financial or economic viability of the Territory. Speaking on this point in the Vidhan Sabha, the Chief Minister of Himachal Pradesh said :

"I thought this bogey had been removed long ago, because it is idle to talk of economic viability today not only bearing in mind the fact that a State like Nagaland, which hardly had any income at all, has been admitted as a State of the Indian Union or that State like Jammu and Kashmir (which is contiguous to Himachal Pradesh and has similar conditions) and the State of Assam can at all be considered from the point of view of economic viability. Moreover, every State in India today depends on Central assistance, be it in the shape of grants-in-aid or loans or share or Central taxes. While Himachal Pradesh gets grants-in-aid and loans to the extent of 100 per cent, the other States do not lag behind; for the deficit in terms of total deficit and percentage that the grants-in-aid, loans and share of the taxes bear to the total deficit in each State is as under :

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1. Punjab . . . . .	88%
2. Uttar Pradesh . . . . .	94%
3. Madhya Pradesh . . . . .	93%
4. Bihar . . . . .	95%
5. Gujarat . . . . .	86%
6. Mysore . . . . .	90%
7. Orissa . . . . .	88%
8. Assam . . . . .	100%
9. Andhra Pradesh . . . . .	89%
10. Madras . . . . .	91%''

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875. The change in status from a Union Territory to a State will hardly create any difficulty for the Central Government. In fact, all that will happen is that instead of a grant-in-aid to fill the revenue gap, it will now be filled in by a combination of grants-in-aid, loans and a share of Central taxes. There is, in fact, a likelihood that there will be a lessening of the burden on the Central Government, firstly, by effecting economies through curtailment of Centrally sponsored schemes which are now being imposed on the Territory, and secondly, by partial conversion of grants-in-aid into loans.

876. On becoming a State, the Territory will be free to exploit its own natural resources to the maximum advantage. All that will be needed is adequate funds for hydel generation on a very large scale. With a potential of 65 lakh kilowatts, it is expected this will yield a net income of about Rs. 100 crores per year. Although the funds required for the development of this potential are very large indeed, they can be obtained from the Central Government over a period of time. Moreover, there is scope for raising additional revenue in the shape of purchase tax and produce tax on important orchard crops. This tax could yield about Rs. 6 to 8 crores per year. In this manner the grant of statehood will actually relieve the burden on the Central Government and will help the Territory to exploit its resources to the maximum extent possible.

877. The present administrative arrangements in the Territory are not conducive to speedy development and cannot be said to be in the best interests of the people. The superior Services owe their loyalty to the Central Government. They have made no bones about announcing this fact openly. Without adequate and effective control over the services, it is not possible to administer the Territory efficiently. Even in the matter of the budget, the Centre exercises strict control. The Rules of Business also require frequent references to the Centre in many matters. In these circumstances, therefore, the administration can hardly be expected to function effectively.

878. The people of the newly merged areas, their elected representatives and the officers who have now been allotted to Himachal Pradesh from Punjab, were all used to a different system of administration in which the government could take decisions without reference to an outside authority. After their merger they have now become a part of the Union Territory set-up. This has, in effect, meant a lowering of their status, particularly in the case of the MLAs. This factor, therefore, further strengthens the demand for a fully responsible government on the pattern obtaining in the Punjab.

879. Himachal Pradesh's campaign for statehood has been taken a step further by bringing up the matter before Parliament. The Rajya Sabha recently debated a non-official Resolution on this subject.

880. There is little doubt that the demand for statehood is gaining in momentum and it appears to have the unanimous support of all political elements in the Territory. In fact, this problem appears to overshadow the entire political scene.

#### *Statehood for other Territories*

881. In Manipur the demand for Statehood seems to be almost entirely based on a claim for equality of treatment with Nagaland. Manipur claims that both in area and population, it is much larger than Nagaland. It is, therefore, unjust to deny it Statehood when Nagaland with a much smaller area and population has been granted this privilege. It is freely conceded that like Nagaland, Manipur will have to largely depend on central subventions. In addition to this argument, it is also contended that the provisions of the Government of Union Territories Act, 1963 and the Rules of Business place unnecessary restrictions on the functioning of responsible government in the Territory and that this situation can only be rectified by grant of Statehood.

882. The demand for Statehood in Tripura is even more insubstantial than in Manipur. The main grievance appears to be that the Legislature and Council of Ministers do not enjoy the powers available to their counterparts in the States. Equality, it is argued, can only be achieved if Tripura is made a State.

883. In relation to Goa, it was represented to us that in case the people of the Territory had been given a third option, viz., that of Statehood, when they were asked to vote either in favour of merger with Maharashtra or continuance of the *status quo* as a Union Territory in the 1966 Opinion Poll, it is likely that a substantial number might have shown their preference for this option. At the same time, some people seem to be thinking about the creation of a new Konkani-speaking State of which Goa will form the nucleus. However, there does not appear to be anything substantial as yet in either of these views.

### *The Case Against Statehood*

884. We are informed that the two factors of importance which have been taken into account by the Centre in examining claims for Statehood are: (i) financial viability and (ii) national security.

885. Financial viability of a State, in the strict constitutional sense, means the capacity of the Government to discharge its obligations to the people within the financial resources available to it under the Constitution. The obligations of the State extend to the provision of a reasonably efficient administration, proper facilities for the welfare of the people and an adequate developmental effort. The State meets these obligations by incurring expenditure from its current revenues, and borrowing from various sources for undertaking works of a capital nature. The repayment of such loans is, however, a further burden on the current revenues, at least, until there is some return from capital investments.

886. The financial resources available to a State are the taxes imposed by its Legislature, its share in the divisible pool of Central taxes and duties and grants-in-aid from the Central Government under Article 275(1). If there is no gap between the resources of the State and its revenue expenditure, it can be regarded as viable. If the revenue is less than expenditure it will not be viable, but through Central grants it could be made viable.

887. In accordance with its terms of reference, the Fourth Finance Commission went into this matter in some detail. It did not take into account expenditure on plan schemes (Fourth Plan) as this matter was within the jurisdiction of the Planning Commission. On the basis of committed expenditure of the States for non-plan purposes and after allowing for a reasonable growth rate in this expenditure, it came to the conclusion that 10 out of the 16 States would have revenue deficits. It, therefore, recommended that such deficits should be made good by Central grants under Article 275(1). In other words, by means of Central grants the ten States were made viable. (The term "viable" has been used here in accordance with the definition given in paragraph 885).

888. The size of the Central grant is an indicator of the degree of viability of the State or the lack of it. Even here the actual amount of grant may not provide a basis for comparison because some of the States have much larger populations than others. A proper basis for comparison, therefore, will be provided by working out the deficit per capita for each State. If we adopt the annual deficit worked out by the Fourth Finance Commission, the per capita deficit State-wise is as follows :—

State	Annual Deficit (Rs. in crores)	Per capita deficit (Rs.)
Andhra Pradesh	7.22	1.82
Assam	16.52	13.95
J. & K.	6.57	18.45
Kerala	20.82	12.31
Madras	6.84	2.03
Madhya Pradesh	2.70	0.83
Mysore	18.24	7.73
Nagaland	7.07	191.60
Orissa	29.18	16.66
Rajasthan	6.73	3.34

889. While some States like Andhra Pradesh, Madhya Pradesh, Madras, Mysore and Rajasthan show lack of viability to a small degree, in the case of Assam, Jammu & Kashmir, Kerala and Orissa this feature is much more pronounced. Nagaland is, of course, in a class by itself and cannot be compared with any other State.

890. In order to judge the viability of Union Territories we may also adopt the above standard, viz., per capita deficit. In the case of the five Union Territories with Legislatures, the gap in their revenue expenditure is wholly met by the Centre. The financial picture of these Territories so far as total revenue and non-plan revenue expenditure for 1967-68 is concerned, is as follows :—

Union Territory	Total Revenue	Non-Plan Expenditure	Deficit	Per capita deficit (Rs.)
	(Rupees in crores)			
Manipur . . . . .	2.06	8.29	6.23	79.87
Tripura . . . . .	1.93	9.47	7.54	66.10
Goa, Daman & Diu . . . . .	4.34	7.43	2.69	42.90
Himachal Pradesh . . . . .	14.16	26.07	11.91	42.37
Pondicherry . . . . .	3.06	3.94	0.88	23.84

891. Nagaland is in a class by itself. It was given Statehood on purely political grounds without any consideration for financial viability. It can, therefore, be ignored. Among the other States, per capita deficit is highest in the case of Jammu & Kashmir (Rs. 18.45), but in comparison, the per capita deficit in the Union Territories, except Pondicherry, is very much higher. In fact, the position will become much worse in future because the Union Territories have started borrowing from the Central Government only from 1963, and debt charges are insignificant at present. Once the full impact of the debt charges is felt, the revenue deficit will show a marked increase. The increased deficit can either be neutralised by increased Central assistance or by a corresponding increase in domestic revenues. As to the latter, past performance does not hold out much hope.

892. It is evident that in spite of a share of Central taxes, none of the Union Territories, particularly those which aspire most for Statehood, can show a reasonable degree of financial viability. In fact, the position is likely to become worse in future. It is against this background that Himachal Pradesh's claim of financial viability will have to be examined. If this factor is coupled to considerations of national security the problem assumes a new dimension.

893. In examining the problem of national security, the States Reorganisation Commission observed :

"A fundamental pre-requisite of national security is the unity of the country. What promotes unity, therefore, also strengthens security.

\*Total revenue includes actual domestic revenue and assumed share of Central taxes.

**Other considerations which we have to keep in mind from the point of view of national security are :**

- “(i) It is of great importance that the composition of administrative units should not assume a form which might foster regional, communal or other narrower loyalties in any section of the armed forces of India and thereby undermine their undivided allegiance to the Union of India;
- (ii) in strategic areas where effective or direct central control is necessary, the administrative structure as also the measure of autonomy given to the people should be governed by considerations of national security; and
- (iii) another factor relevant from the point of view of national security is the size and resources of the border States. While the primary responsibility for defence arrangements must be that of the Central Government, a considerable burden relating to security arrangements must be borne by the State. It is, therefore, important that a border State should be a well administered, stable and resourceful unit, capable of meeting the emergent problems arising out of military exigencies. This means that normally it would be safer to have on our borders relatively larger and resourceful States rather than small and less resilient units.”

On these considerations, the Commission came to the conclusion that “It seems clear to us that, when a border area is not under the direct control of the Centre, small units and multiplicity of jurisdiction would be an obvious handicap from the point of view of national security”. Consequently, the Commission stressed the need for placing strategic border areas under the direct control of the Central Government unless they could be included as part of larger States capable of assuming the burden of national security.

894. The Union Territories of Himachal Pradesh, Manipur and Tripura have common borders with foreign countries. Our neighbours across the inter-national border in Himachal Pradesh and Tripura are decidedly hostile to India. In recognition of these facts, even under the Government of Union Territories Act, 1963, border security has been made the special responsibility of the Administrators of these Territories. In discharge of this responsibility the Administrator may give directions and take such measures as he may think necessary in his discretion. In considering demands for Statehood, therefore, national security is hardly less important than financial viability.

895. Lack of financial viability and the over-riding needs of national security are then the main considerations, which have weighed with the Government of India in refusing Statehood to Himachal Pradesh (as well as Manipur and Tripura). While these are the main factors which have led to a rejection of the demand for Statehood, we may also briefly consider the other arguments advanced in favour of Statehood for this Territory.

896. Even without going into the question whether in 1948 a definite assurance was held out to the people of Himachal Pradesh that in due course they would attain the position of a State, we do not think that the Government of India have foreclosed consideration of this issue. We are supported in this view by the discussion we had with the Union Home Minister and senior officers of his Ministry. Moreover, on the 9th August, 1968, while intervening in the debate in the Rajya Sabha on the non-official resolution for

Statehood for Himachal Pradesh, the Minister of State in the Ministry of Home Affairs stated :—

“Himachal Pradesh is the biggest Union Territory in our country from the point of view of size and there is some kind of public support to the demand that Himachal Pradesh should become a full State. We have full sympathy for this demand. We do not want to hold back Statehood from Himachal Pradesh a day longer than necessary. As a matter of fact, it is our firm policy to help Himachal Pradesh gain financial resources as quickly as possible and once their financial resources become equal to their requirements and they obtain the condition of financial viability, we would not hesitate to give it Statehood.”

897. Grant of Statehood has always been conditional on the Territory attaining a minimum level of development—administrative, financial and economic. The area and population of the States of the U.S.A. are, in our view, of little relevance to the issue of Statehood for Himachal Pradesh. Even a comparison with other States of India is not strictly relevant. What is necessary is that the area and population of this Territory must be sufficient to constitute a viable unit.

898. We do not think that it will help Himachal Pradesh's case if it is argued that whereas Himachal Pradesh is in receipt of Central grants and loans to the extent of 100% of its deficit, other States do not lag behind; if the grants-in-air, loans and share of Central taxes and duties that they receive, are taken as a percentage of this total deficit, it will be seen that they are in the same boat as Himachal Pradesh. The fallacy in this argument is obvious. It is not possible to equate a State with a small overall deficit, which receives Central grants, loans and a share in Central taxes and duties to the extent of 100% of its deficit, with Himachal Pradesh with a large deficit which also receives grants and loans to the extent of 100% of its deficit. The percentage that the Central assistance bears to the total deficit is, therefore, misleading. The correct position can only be appreciated by viewing the problem *vis-a-vis* “per capita deficit”.

899. The claim that large scale hydel generation and the levy of a purchase and produce tax would yield very substantial revenues does not carry much conviction. For one thing, the Government of India has turned down the proposal for taxing power generation from the Bhakra reservoir on the ground that, even though legally feasible, it is against the policy of the Central Government as it will militate against the coordinated and integrated development of power in the country. For another thing, we do not see any signs of the Himachal Pradesh Administration taking any concrete steps to levy purchase tax and produce tax on important orchard crops. In fact, as we have shown in an earlier Chapter, the Administration has actually reduced taxes in the merged areas and has thereby suffered a loss in revenues.

900. We may mention one other aspect of Himachal Pradesh's proposal to tax generation of electricity. It is their case that while the catchment areas, the reservoirs, and power houses of the Bhakra and Beas complexes are located in their Territory, all benefits of these projects go to other States. It is argued that when these schemes were conceived, the Central Government, on behalf of Himachal Pradesh, should have entered into an agreement with the beneficiary States to protect the legitimate interests of Himachal Pradesh. It is claimed that the people of this Territory have been denied any direct

benefit from these schemes because of the failure of the Centre to protect their interests.

901. While we do not wish to go into the general merits and demerits of this controversy, we feel that the Central Government may consider whether in assessing the financial viability of this Territory, any weightage can be given to this factor.

#### *Policy Statement*

902. From what is stated in the forging paragraphs it should not be inferred that we are averse to the grant of Statehood to Himachal Pradesh or any other Territory, but we cannot ignore the need for viable and strong administrative units in the sensitive border areas. While on the one hand, the people have legitimate political aspirations for full autonomy at the State level, on the other, the Central Government would be failing in their duty if they did not keep over-all national interests in mind. However, we do feel that there is scope for the Central Government to indicate in precise terms what they expect of the Territories aspiring for Statehood before they can consider their demands. Obviously, financial viability will be the most important criterion in considering such demands. The state of economic development of the Territory, national security, population and area can be other such criteria. While population and area cannot in themselves be the sole criteria for grant of Statehood, they are of importance when considered in the context of the viability of the Territory as a whole. As financial viability is the most important factor, the Central Government must indicate in precise terms what it considers a reasonable level of viability for a particular Territory. Obviously, the level of viability indicated must be both reasonable and attainable within a reasonable period. Thereafter, it will be for the Administration of the Territory, which aspires for Statehood, to strive for the fulfilment of the conditions laid down. In fact, the Territory will then be on test. A clear enunciation of policy in this manner will help in curbing irresponsible demands of the nature that are being put forth today.



## CHAPTER II

### THE PROBLEM OF MERGER

903. The States Reorganisation Commission viewed the problem presented by Part C States mainly from the administrative angle, and as it felt that the continuance of such small administrative units could not be justified on administrative or financial grounds, it recommended their merger in the neighbouring States. The only exception it made was Delhi and Manipur, the latter for a transitional period before it merged with Assam. While the Union Government retained Delhi, Manipur and the Andaman & Nicobar Islands as Centrally administered areas, they also added Himachal Pradesh, Tripura and the Lacadive, Minicoy & Amindivi Islands to this list. Even while they took this step, the Central Government firmly believed that merger was the only long term solution for these Centrally administered areas. We have already described in detail the manner in which the Central Government gradually changed their policy in this regard and came round to the view that the revival of the Part C States set-up was justified on political considerations. This decision was taken with the clear understanding that it would render it extremely difficult to implement the recommendations of the States Reorganisation Commission about the ultimate merger of all such areas (except Delhi) in the neighbouring States. The possibility of merger in relation to Himachal Pradesh, Goa, Daman & Diu, Pondicherry, Manipur and Tripura must, therefore, be deemed to have been relegated to the background.

904. In the case of some Territories such as Goa, Daman & Diu, Dadra & Nagar-Haveli and Chandigarh, however, the problem has assumed a different complexion. In relation to each of these Territories, the adjoining States have asked for their merger on grounds of linguistic affinity. In, at least, two of them, however, local sentiment has expressed itself strongly against any change in the *status quo*.

905. We may now consider this question in relation to : (a) those Territories where merger has become a political issue between the neighbouring States; (b) those Territories where merger is worth considering on administrative grounds; and (c) those Territories where merger cannot be thought of.

#### *Goa, Daman & Diu*

906. The question of the merger of Goa, Daman & Diu with the adjoining States has been mooted ever since its liberation. It assumed importance specially in regard to Goa, where there was a clash of interests between different political parties based on language, culture and religion. The ruling party in the Goa, Assembly, was out and out for merger with Maharashtra; in fact, it had come to power in 1963 mainly on its electoral promise of speedy merger with Maharashtra. An important section in Goa was, however, in favour of retaining its separate identity. The Goa and Maharashtra Legislative Assemblies adopted separate resolutions favouring the merger of Goa with Maharashtra and that of Daman and Diu with Gujarat. The Mysore Assembly, on the other hand, passed a resolution demanding separate existence for Goa for a period of ten years before it was merged with Mysore.

The Union Government ultimately decided to place this matter before the people so as to ascertain their wishes through an "Opinion Poll". An Act of Parliament was passed in order to permit the adoption of this extraordinary procedure. The Goa Ministry resigned on the 3rd December, 1966, so as to facilitate the conduct of the Opinion Poll. The people of Goa were asked to opine whether Goa should merge into Maharashtra and Daman & Diu into Gujarat, or whether the Territory as a whole should remain as a Union Territory.

907. The poll took place on the 16th January, 1967. While in Goa, the majority in favour of continuing as an Union Territory was convincing, it was nothing short of overwhelming in Daman & Diu. The following figures bear testimony to the clear verdict of the people :—

	Goa	Daman & Diu
(a) Total number of votes polled . . . . .	3,17,633	15,619
(b) Number of votes in favour of merger in Maharashtra/Gujarat State . . . . .	1,38,170	1,359
(c) Number of votes in favour of the Territory continuing as a Union Territory . . . . .	1,72,191	13,732
(d) Number of invalid votes . . . . .	7,272	492

908. The verdict of the people is clear; they do not wish to merge with Maharashtra and Gujarat. Their wishes will, therefore, have to be respected, and as a consequence, the chances of the merger of this Territory have, for the present, receded into the background. In this respect, Goa, Daman & Diu must be placed in the same category as Manipur and Tripura where merger cannot be considered as a serious alternative to the present status.

#### *Dadra & Nagar-Haveli*

909. When the territory merged with India in 1961, the question of its integration in either of the adjoining States of Maharashtra or Gujarat was considered by the Union Government. On various considerations, the most important of which was the wishes of the local people, it was decided to treat it as a Centrally administered area. In the course of the debate on the Constitution (Tenth Amendment) Bill, 1961, Prime Minister Nehru said :

"We have treated them as Union Territories deliberately because we do not want to split them up or put them in either the State of Gujarat or the State of Maharashtra. First of all, we are giving effect to the wishes of the people there in that matter. In effect, the whole procedure that we are observing is to give effect to their wishes, and their wishes were that we should treat them as a Unit. I do not know about the distant future but for the time being, in the near future, they will continue to be treated as Union Territories".

910. The Territory has a common boundary with both Gujarat and Maharashtra. Both the States have made proposals for the dismemberment of the Territory on a linguistic basis. On the other hand, opinion within the Territory seems to favour its continuance as a separate administrative entity under

the Central Government. In a memorandum presented by the Varishtha Panchayat to the Government of India in March, 1964, it was urged :

“...that the political groups in the neighbouring States propagate for division of this area for integration with the neighbouring State. The Varishtha Panchayat has already resolved on 19-10-1962 and we again take this opportunity to firmly state that the Union Government had given an assurance for maintaining the entity of this area. We, therefore, request that the Union Government may not divide an inch of our land but should keep it as one entity and integrate it at the proper time.”

911. The linguistic composition of the Territory is somewhat complicated. While the percentage of Marathi speaking people is 6.4 in the 1961 Census, the Registrar General has shown four tribal languages, viz., Kathodi, Kathkari, Koli, and Varli, under the main language Marathi. If the tribal languages are included in the main language, then the percentage of Marathi speaking people comes to 58.9. Dr. Grierson on the other hand, has said : “Several broken dialects are spoken in various parts of the Marathi territory... in the northern part of coast-strip belonging to Marathi we find some small dialects such as Kathodi, Varli, etc., which in several points agree with Gujarati-Bihli.” Without taking into account the tribal languages, the Gujarati speaking population constitutes about 19.5% of the people of the territory.

912. Both the Governments of Gujarat and Maharashtra have raised the issue of the merger of Dadra and Nagar Haveli in their respective States. Initially, the Government of Gujarat proposed the division of the Territory between the two claimant States. Subsequently, it was suggested that the whole Territory should be merged with Gujarat because it is mainly inhabited by Adivasis who are nearly 88% of the total population and speak a language akin to Gujarati. The Maharashtra Government, on the other hand, contends that 70% of the population speaks Marathi.

913. While local opinion appears to favour continuation of the Territory as a Centrally administered area, the Governments of Gujarat and Maharashtra think that they each have a good case either for its wholesale merger in their respective States or its division on linguistic basis. We may point out that in the Goa “Opinion Poll” conducted in January, 1967 in the neighbouring area of Daman & Diu, the people’s verdict was over-whelmingly in favour of the *status quo*. Against this background of conflicting claims by the Governments of Gujarat and Maharashtra, the wishes of the local people and the verdict of the Opinion Poll, the prospect of merger is not free from uncertainty.

914. While in the near future the merger of either of the Territories of Goa, Daman, and Diu and Dadra and Nagar Haveli into the neighbouring States appears to be uncertain, we were interested to learn that a section of the people of Daman and Diu wish to be separated from Goa and made a part of the Union Territory of Dadra and Nagar Haveli. This wish, it appears, is based on a feeling of neglect and remoteness from Goa. We are unaware of the support, if any, this move commands, but from the administrative angle, at least, there may be some advantage in administering Daman, Diu, Dadra and Nagar Haveli as one unit.

## Chandigarh

915. In an earlier Chapter, we have already traced the origin of Chandigarh to the language controversy in the Punjab leading to its reorganisation in 1966. We have also mentioned that the decision to constitute Chandigarh into a Union Territory did not still the rival claims for its merger into Punjab and Haryana.

916. On the 5th December, 1966 Sant Fateh Singh announced his decision to go on a fast from the 17th of December and thereafter immolate himself on the 27th of December. The main demand behind this ultimatum was the inclusion of Chandigarh in Punjab. Evidently, the Central Government was prepared to readjust the boundaries of Punjab and Haryana provided all the parties concerned in the matter evolved a mutually agreed solution. As such agreement was not forthcoming, the Sant commenced his fast on the 17th of December. On the 26th December, however, the fast was terminated following an agreement on a formula providing for arbitration by the Prime Minister on the future of Chandigarh and the Bhakra Project.

917. Subsequent political development in Haryana seem to have made any solution along these lines difficult. Soon after the 1967 General Elections, a United Front coalition Government assumed office in Haryana. This Government with the over-whelming support of the Legislature decided to repudiate the commitments given by the former Chief Minister to submit the issue of Chandigarh to arbitration by the Prime Minister. The United Front Government, on the other hand, demanded immediate implementation of the recommendations of the Punjab Boundary Commission.

918. In September 1967, the Union Home Minister invited the Chief Ministers of Punjab, Haryana and Himachal Pradesh for talks on all disputed questions. In the meeting that followed it was decided that for the future territorial adjustments, it would be appropriate to take the village and not the tehsil as a unit. Geographical contiguity would be another relevant factor. When the Home Minister addressed the Chief Ministers to convey their agreement to arbitration by the Prime Minister on these lines, the Haryana Government rejected the proposal. Soon thereafter, the opposition in the Haryana Assembly also rejected arbitration by the Prime Minister. In this state of impasse, an announcement was made on the 19th October, 1967 that the Centre would not alter the present status of Chandigarh as a Union Territory till the Governments of Punjab and Haryana come to some agreement about its future. Although it is not possible to make any accurate assessment of further developments, Chandigarh's future appears to be uncertain. It may even have to undergo an indefinite period of Central administration.

## Pondicherry

919. Although there has been no talk of the merger of Pondicherry in the adjoining States, this matter is of relevance to this Territory. Pondicherry is made up of four discontinuous units. Pondicherry is the largest with an area of 290.10 sq. kms. Even this unit is not a compact spatial block but is inter-spersed with bits of Madras territory. Karaikal (area 158 sq. kms.) lies 150 kms south of Pondicherry on the East Coast. It is bounded on the north, south and west by Tanjore district of Madras State, and on the east by the Bay of Bengal. Mahe (area 10.4 sq. kms.) is situated on the Malabar

Coast; it constitutes a small pocket of "foreign" territory in Kerala State. Yanam (area 20.7 sq. kms.) is an enclave in the East Godavari district of Andhra Pradesh at a distance of 8 kms from the Bay of Bengal. Not only does the peculiar discontinuous character of this Territory cause unnecessary strain on its administration, but it has also resulted in excessive expenditure on administrative overheads.

920. When it is remembered that Pondicherry does not satisfy any of the usual conditions for Central administration such as excessive backwardness, considerations of national security, etc., it seems difficult to justify its continued existence as a Union Territory. Its peculiar territorial character is also another factor which makes it difficult to justify this status. We are of the view that, in the first instance, Mahe and Yanam should be merged with Kerala and Andhra Pradesh respectively; thereafter the remaining units of Pondicherry and Karaikal should merge with Madras.

921. We may, however, mention that in accordance with the 1956 Treaty of Cession, it was agreed that the former French possessions will retain the benefits of the special administrative status which existed prior to the cession. It was further agreed that any constitutional change in the status which may be made subsequently shall be made after ascertaining the wishes of the people. Despite the provisions of this Treaty, we feel that the Central Government must take steps for the gradual merger of this Territory, starting with Mahe and Yanam.

### Other Territories

922. So long as Delhi remains the seat of the national Government, the question of its merger in any of the adjoining States cannot arise. On various considerations, of which security is the most important, the Andaman and Nicobar Islands and the Laccadive, Minicoy and Amindivi Islands also cannot be merged into any of the States of the Union.

923. The net position, therefore, is that even though the Central Government initially wanted to merge most of the Union Territories in the neighbouring States, subsequent development have made this difficult. In Himachal Pradesh there is a strong demand for Statehood and the question of its merger now does not arise. The position is, more or less, similar in Manipur and Tripura. In Goa, Daman & Diu, Dadra & Nagar Haveli and Chandigarh, although the neighbouring States seek the merger of these Territories on the basis of language affinities, implementation is proving to be difficult because of political rivalries. In the case of Delhi and the two Island Territories, the question of merger does not perhaps arise.

924. In this context it may worth-mentioning that in the recent discussions in the Rajya Sabha on the non-official Resolution regarding Statehood for Himachal Pradesh, the Minister of State in the Ministry of Home Affairs stated as under :

"As the Hon. House knows, these Union Territories were created because of the special circumstances obtaining in those areas like Goa, Pondicherry, Manipur, Tripura, NEFA, Himachal Pradesh, Nagar Haveli, Dadra etc. Wherever we find that conditions do not

exist which justify continuance of the Union territory, we shall not hesitate, even for a moment, either to merge it with the adjoining State or give it Statehood."

From this statement it can be inferred that Government is still prepared to consider merger as a possible solution for the future of Union Territories. Despite the apparent difficulties in the way of implementation of this policy, we are sure that with patience and understanding it will be possible to achieve the merger of some Territories at least. We feel that this step may also be justified in the case of Pondicherry.

## CHAPTER III

### SPECIAL PROBLEMS OF DELHI

925. We have in Chapter II of Part IV given a brief account of the historical background and evolution of the Union Territory of Delhi. We have shown how it became necessary to shift the Imperial Capital from Calcutta and locate it in a territory over which the Central Government had direct administrative responsibility. We have also traced the administrative arrangements made for this territory, first as a Chief Commissioner's Province under both the Government of India Acts of 1919 and 1935 and then under the Constitution as a Part C State; the latter arrangements leading to the experiment of responsible government under the Government of Part C States Act of 1951. While we have yet to deal in detail with the recommendations of the States Reorganisation Commission in relation to this Territory, we have briefly mentioned the reasons which led it to recommend the abolition of the Part C States set-up and a return to direct Central administration. We have also considered in some detail the developments which took place thereafter leading to the revival of responsible government, albeit with considerably reduced powers in comparison to both the 1951 set-up and the arrangements made for other Union Territories under the Government of Union Territories Act of 1963. Having described these developments in some detail, we may now pass on to a consideration of the problems that have arisen in the day to day working of these arrangements.

#### Executive Council

926. The general provisions relating to the constitution and functions of the Executive Council have already been discussed in Chapter II of Part IV. In relation to this body, certain peculiarities have been brought to our notice. It was pointed out that the position of the Executive Council has no precedent in this country. While its functions are, more or less, identical to a Council of Ministers in a State or Union Territory, it is not responsible to the Metropolitan Council. Conceivably, therefore, all or any of the members of the Executive Council may be from the party or parties other than the one in majority in the Metropolitan Council. It is also possible to conceive of appointments to the Executive Council from amongst nominated members. In other words, there is no legal bar to the appointment of an Executive Council consisting wholly of nominated members or of members of minority parties in the Metropolitan Council. As this body is not responsible to the Metropolitan Council, it cannot be voted out of office.

927. Another peculiar feature of the Executive Council is that instead of the Chief Executive Councillor, who, in relation to the Administrator, occupies a position, more or less, akin to a Chief Minister, it is the Lt. Governor who presides over its meetings. It is only when the Lt. Governor is unable to attend due to illness or any other cause that the Chief Executive Councillor presides.

928. Then again, the Administrator is empowered to differ with the Executive Council and seek a decision from the President. It was pointed out to us that there is a fear that the Central Government may try to interfere in

the working of the Executive Council through this device even in respect of those subjects which had been "transferred".

### **Metropolitan Council**

929. We have already mentioned the constitution and functions of this body. It is only empowered to discuss and make recommendations to the Central Government on certain specified subjects, which cover legislation in the State or Concurrent Lists, extension of State laws to the Territory, the budget and matters of administration involving general policy and schemes of development. It was pointed out to us that this body enjoyed no real powers and that it was merely a "debating society". The complaint was that a Metropolitan Council of this nature was no substitute for a Legislature. Even when there was a specific provision under the Delhi Administration Act, 1966, giving members of the Metropolitan Council a right to ask questions and make motions of various types on any matter within the purview of that body, Parliament continued to enjoy concurrent powers. This, it was urged, is contrary to the objective of creating a representative body in this Territory.

930. The provision for nomination of five members to the Metropolitan Council by the Central Government also came in for criticism. It was pointed out that the Central Government had used this power to bolster the strength of the Congress Party, even though it had obtained a significantly lesser number of seats (19) than the Jana Sangh (33), the majority party in Metropolitan Council. Of the persons nominated, two each were supporters of the Jana Sangh and Congress while the fifth was an Independent. This did not reflect the party strength in the Council.

931. As for legislation, it was pointed out to us that the Metropolitan Council plays an insignificant role. This is best illustrated by the Union Territories (Separation of Judicial and Executive functions) Bill, which was discussed in the Metropolitan Council in October, 1967. Three amendments were moved on behalf of the majority party and were passed. These amendments were supported by the Executive Council when the Bill was forwarded to the Lt. Governor for onward transmission to the Centre. The Lt. Governor only supported one of the amendments recommended by the Metropolitan Council. It was contended that it can be seen from the Bill which has now been introduced in Parliament, that the Central Government have not paid much heed to the views of the Metropolitan Council—the representative body of the Territory. It was also pointed out that the Executive Council cannot initiate legislation of its own in the Metropolitan Council. It has to seek the concurrence of the Central Government before any legislation can be undertaken.

### **Reservation of Subjects**

932. It was represented to us that, except for law and order, the reservation of any other subject was quite unjustified. Particular objection was taken to the provision in the Delhi Administration Act under which the Central Government is empowered to reserve any subject by notification. In relation to land and buildings, it was contended that with a fast growing population, land, its development and housing are of particular importance in this Territory. The reservation of these subjects has led to a lack of coordination in their development and a multiplicity of authorities, in implementation. Regarding Home, it was contended that this department embraces a large



number of subjects in relation to which the Central Government can have no special interest. As for the reservation made in relation to the New Delhi Municipal Committee, we will deal with this matter in a subsequent section.

933. The reservation of "Services" was a matter of special grievance. It was pointed out that if the tools, *i.e.*, the Services, are not under the administrative control of the Executive Council, they cannot achieve any worthwhile results in the implementation of their policies; this is particularly true of disciplinary control. It was contended that the Executive Council was answerable to the people for their performance and it was difficult for them to discharge this responsibility without adequate control over the Services. The grievance has particular relevance to "Transferred" subjects where lack of control over the Services has placed the Executive Council in an unenviable position.

### **New Delhi Municipal Committee**

934. It is provided in the Delhi Administration Act, 1966 that in relation to the New Delhi Municipal Committee, the Administrator shall have the final word. The Central Government have also reserved for the Lt. Governor all matters connected with the appointment of members and the President of the NDMC, their numbers, term of office, etc. This reservation became necessary because of the controversy which has accompanied the affairs of this body. The Executive Council contends that "local self government" is a "transferred" subject; as such, it is within its right in advising the Lt. Governor in all matters connected with the NDMC. On the other hand, as we have pointed out above, the Lt. Governor has special powers in relation to this body. In order to understand the basis of this controversy, we may give one illustration.

935. The NDMC now consists of 11 members, all nominated. The powers of nomination vest with the Lt. Governor. There are five official members, including the President, and six non-official members. The Committee, as a whole, elects two Vice-Presidents from amongst themselves. In connection with the nominations of non-official members in September, 1967, there was some controversy. The Executive Council felt that "local self-government" is a subject included in the State List and as it has not been "reserved" for the Administrator, the nominations must be made on the advice of the Executive Council. The Central Government, however, felt that under the law, the Lt. Governor is not bound by the advice of his Executive Council in relation to the NDMC. Hence, he is free to make nominations without asking for its advice. Ultimately, of the six non-official members nominated to the Committee, two were pro-Congress, two pro-Jana Sangh and two Independents. In the election of Vice-Presidents which followed, the party affiliations of the non-official members again led to results which were unpalatable to the Jana Sangh; one Congress nominee and one Independent were elected as Vice-Presidents. It was argued before us that these results had been achieved by a manipulation of the nominations so as to favour the Congress Party. It was also alleged that two Central Government servants, who are official members of the Committee, took part in the elections.

936. As we have explained above, the whole matter has now been placed outside the pale of controversy by reserving all such matters for the Lt. Governor.

## Multiplicity of Authorities

937. The reservation of some subjects by the Centre and the peculiar political structure of Delhi has, in some cases, led to a multiplicity of authorities responsible for the same subjects. The Master Plan, which envisages an outlay of over Rs. 700 crores, was quoted as a good example. Its implementation is the responsibilities of several Ministries of the Central Government, the Delhi Development Authority, the Delhi Municipal Corporation, the New Delhi Municipal Committee and the Transport, Water Supply and Electricity Undertakings. This fragmentation of functional jurisdiction has given rise to problems of co-ordination. Even in the implementation of individual schemes under the Master Plan, several authorities are concerned. Under the scheme for "Large scale acquisition, development and disposal of land in Delhi," work is distributed as under :—

- |  |                                |
|--|--------------------------------|
| (a) Acquisition and distribution of land; operation of the "Revolving Fund".   | Land and Housing Department.   |
| (b) Development of land; land for private housing, Industries both existing and new, and commercial and institutional centres. | Delhi Development Authority.   |
| (c) Development of land for Government housing . . . . .   | Ministry of Works and Housing. |
| (d) Development of land under the slum clearance scheme . . . . .  | Municipal Corporation.         |
| (e) Provision of Municipal services . . . . .  | Municipal Corporation.         |

938. It was represented to us that the Delhi Administration has not only pointed out to the Central Government the multiplicity of authorities and the lack of co-ordination which is inherent in this situation, but also that the resources which may arise from this source are being appropriated by the Centre, when, in fact, they should legitimately go to the Territory.

## Interference

939. The Members of Parliament from Delhi and the Chief Executive Councillor urged before us that even after the creation of the Metropolitan Council and Executive Council, there is considerable interference by the Union Ministries in the day to day administration of the Territory. They claimed that the basic idea of creating these institutions was to establish a State in miniature under the unified control of the Administrator. It was intended that he should bring to bear an integrated approach upon all the administrative problems of the Union Territory, and with the assistance and advice of his Executive Council, remove the inefficiency and duplication inherent in the earlier multiplicity of authorities. In practice, however, the intention of the Delhi Administration Act is being denied and the Ministries treat the Departments of the Delhi Administration as if they are subordinate offices. Not only do they call for reports and files, they frequently send for officers of the Administration, which interferes with the efficient discharge of their duties. They said that both the Lt. Governor and the Chief Executive Councillor had on several occasions taken up this issue with the Home Ministry and other Ministries, but no worthwhile steps had been taken to remedy this situation.

### **States Reorganisation Commission**

940. From what is stated in the foregoing sections, it will be clear that the present set-up suffers from several drawbacks, which appear to be inherent in the structure devised for the Territory. This set-up has neither satisfied the political aspirations of the people for responsible government at the State level, nor does it permit the Central Government to effectively discharge its responsibilities without being charged with interference in the day to day administration of the Territory. While the Territorial Administration, consisting of the Lt. Governor and his Executive Council, are responsible for the administration of the Territory by virtue of the Delhi Administration Act, the Central Government continues to have overall responsibility because of its constitutional obligations. In relation to its responsibilities, the Central Government is answerable to Parliament. The Ministries are, therefore, compelled to collect information, call for reports, and keep a close watch on the day to day administration of the Territory, more particularly because it is the national capital. It is these actions of the Ministries that are considered as "interference" by the Delhi Administration. All the difficulties and drawbacks pointed out above are, therefore, inherent in this situation.

941. The drawbacks of the diarchical structure devised for this Territory had been clearly foreseen by the States Reorganisation Commission, and this was the main ground on which it rejected the idea of responsible government at the State level in the national capital. As we have indicated in an earlier Chapter, the States Reorganisation Commission (1955) has devoted special attention to Delhi. It was as a result of its recommendations that the Part C States set-up was abandoned and Central administration imposed on this Territory in 1956. We have carefully considered the recommendations of this body and we are greatly impressed by the arguments that have been advanced in support of its recommendations for Central administration for Delhi. As we feel that there is as much force in these recommendations today, as there was in 1955 when the Commission submitted its report, we may briefly reiterate those recommendations.

942. At the outset the Commission observed that quite independent of any decision effecting the adjoining areas, the future of Delhi would have to be determined primarily on the consideration that it was the seat of the Union Government. It noted that even within the narrow ambit of powers delegated to Part C States, the legislative authority of Delhi was subject to special limitations; the Commission, therefore, observed: "This peculiar diarchical structure represents an attempt to reconcile Central control over the federal capital with autonomy at the State level. It is not surprising that these arrangements have not worked smoothly." Not only had the development of the capital been hampered by the division of responsibility between the Centre and the State Government, there was marked deterioration in administrative standards as a result of such dual control.

943. In view of these considerations the Commission came to the conclusion that the existing arrangements could not continue. It stated: "According to the basic pattern of component units of the Indian Union which we envisage, an existing Part C State must in future become either part of a State or a Centrally administered territory. In making a choice between the two alternatives we must take into account the following special factors :

- (i) Delhi is the seat of the Union Government; and

- (ii) it is basically a city unit, 82 per cent of its total population being resident in urban areas.

The Commission felt that if Delhi was to continue as the Union capital it could not be made part of a State. Even under unitary systems of Government, national capitals were usually placed under a special dispensation. So far as federal capitals were concerned, the constitutional division of powers between administrations functioning in the seat of the national government and the government itself was bound to give rise to embarrassing conflicts of jurisdiction. The Commission, therefore, concluded : "Practice in other countries, administrative necessity and the desirability of avoiding conflicting jurisdictions, all point to the need for effective control by the national Government over the federal capital."

944. In this context the Commission noted with approval the reasons given for the transfer of the Imperial capital from Calcutta to Delhi in 1912. The Commission felt that such weighty considerations : "... should not be lightly brushed aside on the ground that they relate to a period when India was under a foreign government." It observed : "If anything, these arguments are more valid in the present circumstances, because there is a greater need for avoiding the blurring of responsibilities under a democratic form of Government based on the federal principle than under a bureaucratic system of government, which allowed each higher unit to exercise over-riding authority over the lower units."

945. In their representations to the Commission, the State Government of Delhi did not seriously dispute the principle that the capital of the national government should be directly administered by that government. All that was suggested was that New Delhi alone should be regarded as the national capital and that Central administration should be confined to that area alone. In the Commission's view the real issue : "... so far as the future of the Delhi is concerned, is whether a line of demarcation should be drawn between New Delhi and Old Delhi and the two units be placed under two separate administrations."

946. It will be worthwhile quoting in full the Commission's conclusions on this issue :

"From the point of view of law and order, the social life of the people, trade and commerce and common public utility services, old Delhi and New Delhi now constitute one integrated unit and it will be wholly unrealistic to draw a line between the two. Both the areas are rapidly expanding and satellite townships are developing on the outer peripheries of both old Delhi and New Delhi. The anomaly of treating the two areas separately is illustrated by the fact that even under the existing arrangements Delhi Fort had to be declared as an area outside the jurisdiction of Delhi Government for purposes of the Warrant of Precedence. It will also be of interest to note that, when in 1949, the Government of India decided to exclude New Delhi from the jurisdiction of the corporation proposed for old Delhi, the kind of corporation envisaged was regarded as 'truncated', 'moth-eaten' and not 'sufficiently inspiring'. If there is objection to the two areas being treated as two district units in the civic field, there will be even less justification for the assumption that administratively they can be placed under two different governments."

947. The Commission, therefore, came to the conclusion that once it was conceded that the national capital must remain under the effective control of the national government and that both New Delhi and Old Delhi have to be treated as a single unit of administration, the future administrative arrangements for the Territory followed automatically. Delhi's population was largely urban and cosmopolitan and its problems fell within the domain of municipal government. Hence, the Commission recommended : "If we are to be guided by these clear considerations as well as by the experience of other advanced countries, municipal autonomy for Delhi in the form of a corporation would appear to be most appropriate method of meeting and reconciling the broader requirements of the national government as well as the local needs and wishes of the people".

948. The Commission was not impressed by the argument that denial of a popular government at State level to the people of Delhi would be a retro-grade step. It felt that people residing in national capitals already enjoyed an advantageous position and they must be prepared to pay some price for this. Even in comparison to the residents of the District of Columbia, U.S.A. (who had been totally disfranchised) and centrally administered territories in other countries, the people of India were more advantageous placed in that they had direct representation in Parliament. It, therefore, stated : "We are definitely of the view that municipal autonomy in the form of a corporation, which will provide greater local autonomy than is the case in some of the important federal capitals, is the right and in fact the only solution of the problem of Delhi State."

949. It will be seen that the State Reorganisation Commission gave over-riding importance to the needs of the national capital, and on that consideration it recommended Central administration for Delhi. It was not prepared to compromise on this score merely because the people of Delhi would be denied the benefits of popular government at the State level. After a lapse of 13 years, the well-considered recommendations of this Commission are still valid. In fact, the drawbacks in the present set-up and the difficulties in the day to day administration now brought to our notice only serve to confirm the validity of the States Reorganisation Commission's recommendations.

950. Recognising the validity of the States Reorganisation Commission's recommendations, the Central Government in 1956 did away with the popular set-up in this Territory and resorted to direct Central administration. Despite this fact, definite steps have since been taken towards the revival of responsible government at the state level. In these circumstances, even though we recognise the validity of the recommendations of the States Reorganisation Commission and the obvious advantages of direct Central administration of the national capital, we cannot ignore the steps that have since been taken to introduce a popular set-up in this Territory. This set-up is only two years old and whatever its imperfections, it must in all fairness be given a reasonable trial before it is rejected in favour of a more suitable alternative. This does not, of course, preclude the introduction of improvements, which may make the set-up more suited to the special needs of this Territory. If after a reasonable period of trial the experiment proves to be a failure, it may become necessary to think either of a return to direct Central administration or the devising of some other alternative better suited to the needs of the national capital.

951. Before proceeding to set out our recommendation for improvement in the present set-up, we may mention a proposal that was made to us for a complete reorganisation of the set-up of this Territory. It was suggested that the problems presented by Delhi are of such a nature that the present organisation in the Central Government responsible for this Territory cannot do justice to its peculiar needs. The fact the Delhi is the national capital places a heavier burden of responsibility on the Central Government than is the case with other Union Territories. While the Home Ministry tries to co-ordinate the activities of other Ministries, there is considerable dispersal of responsibility as functional Ministries are unable to renounce their individual responsibilities in relation to this Territory. In order to meet the short-comings of the present set-up it was, therefore, suggested that responsibility for the administration of this Territory should be concentrated in a separate Minister for Delhi Affairs. He will be territorially responsible for the Union Territory of Delhi and the totality of its administration. This will be achieved by a complete integration of the administration at the Territorial level with the Department of Delhi Affairs. The Lt. Governor, in addition to his duties as Administrator, will function as *ex-officio* Secretary to this Department; the Chief Secretary will similarly function as *ex-officio* Joint Secretary. Other officers of the Delhi Administration will also be given suitable *ex-officio* secretariat status. Technical departments of the Administration will become a part of the Department of Delhi Affairs. As a consequence, references on technical matters to subject matter Ministries will not be necessary. All Members of Parliament representing the Union Territory of Delhi will together constitute a Policy Advisory Committee to be associated with the Minister for Delhi Affairs.

952. The main advantage claimed for this proposal was that the needs of the national capital will receive the undivided attention of an independent Department. Its effectiveness will not be retarded because of the constant need to consult other Ministries on matters relating to their respective spheres of responsibility.

953. We have given careful thought to this proposal and we feel that although there may be some advantages in its adoption, the scheme is unlikely to be an improvement over the present system. For one thing, it would mean the abolition of the representative organs recently established in this Territory. For another thing, this proposal suffers from the same defects as the proposed Department for Union Territories; the level of expert advice in the Department of Delhi Affairs can never compare in competence with the technical Ministries and in the long run this may prove to be harmful. We have, therefore, not thought fit to consider this proposal any further.

954. It is our view that the correct step in the present context would be an effort to make the present set-up as workable as possible so that it can meet the peculiar needs of this Territory. In order that on the one hand, the Central Government is able to discharge its responsibility in relation to the national capital and on the other, the object of granting a measure of responsible government at State level is fulfilled, we give below our proposals which, we feel, will achieve the desired results.

#### **Improvements in the Present Set-up**

955. The guiding principle which should govern the relations of the Central Government with the Delhi Administration is that in respect of

transferred subjects, irrespective of the legal position, the Central Government must treat the Delhi Administration in a manner similar to any State Government, particularly in matters of day to day administration. It will be necessary to ensure that the Central Government does not assume the responsibilities of an appellate forum against the actions of the Delhi Administration in this field. In regard to reserved subjects, however, where the Central Government's responsibility is directly relatable to administration of the national capital, it will have to take a detailed interest in the administration of such subjects. With this guiding principle in view, we suggest the following improvements in the present set-up.

956. *Metropolitan Council*.—Admittedly, the Metropolitan Council is not similar to a Legislative Assembly in a State or Union Territory, but considering that it is representative in the same manner as any of these institutions, we feel that *by convention* it should be accorded the status of a Legislature. In practice this will mean :

- (a) The leader of the majority party must be called upon by the President to form the "Ministry" (Executive Council). The other Executive Councillors shall be appointed by the President on the advice of the Chief Executive Councillor.
- (b) In case the Executive Council loses the confidence of the Metropolitan Council, it shall be dismissed by the President.
- (c) Nominations to the Metropolitan Council shall be made in consultation with the Executive Council.
- (d) The recommendations of the Metropolitan Council in relation to legislation shall normally be accepted by the Central Government.

957. *Executive Council*.—The provision in the Delhi Administration Act which lays down that the Administrator shall preside at every meeting of the Executive Council except when he is prevented from doing so on account of illness or any other cause, may be amended. Instead, it may be provided that the Chief Executive Councillor shall preside at every meeting of the Executive Council, or in his absence any other Executive Councillor nominated by him shall so preside. We may clarify that this will in no way jeopardise the interests of the Centre for : (a) the Executive Council is precluded from discussing and taking decisions in relation to reserved subjects, and (b) under the Delhi Administration (Business) Rules, a copy of the record of the decisions taken in the Executive Council is to be forwarded to the Administrator. In every other respect also, the Chief Executive Councillor and Executive Councillors must be accorded the status of Chief Minister and Ministers of Union Territories. This has particular reference to meetings convened by the Central Government in which the practice is to invite the Lt. Governor, who then authorizes the Chief Executive Councillor to attend on his behalf.

958. *Reserved Subjects*.—It must be recognised that in the peculiar circumstances of this Territory, some matters will have to be reserved for the Lt. Governor. However, after careful consideration we feel that the following subjects can easily be deleted from the list of subjects allotted to "Home", which is reserved :—

1. Magistrate—conferment/withdrawal of powers.
2. Criminal Courts—working and supervision of.

3. Mercy Petitions and death cases.
4. Civil Defence.
5. Obscene Literature.
6. Young Persons Harmful Publications Act.
7. Award of Medals.

959. *Parliament*.—We have already indicated that the real reason for “interference” by the Ministries is their answerability to Parliament. We may point out that the Metropolitan Council functions in a manner similar to a Legislature. It has adopted procedures whereby there is a question hour, half hour discussions, resolutions, motions, discussions on matters of urgent public importance and call-attention notices. Moreover, the Executive Councillors, although they are constitutionally not responsible to the Metropolitan Council, are expected to be responsive to the views of the Council. Consequently, the correctives applied by a Legislature to the actions of the Government through questions and various types of motions, are also applied by the Metropolitan Council to the actions of the Executive Councillors. In this respect the Metropolitan Council is similar to a Legislature. It would, therefore, be in the fitness of things if Parliament, *by convention*, agrees to treat the Metropolitan Council as a Legislature. In other words, any issue which can be taken up in the Metropolitan Council need not figure in Parliament. Matters of day to day administration in respect of which the Administrator has taken a decision with the assistance and advice of the Executive Council should not be raised in Parliament. However, matters in which the Administrator has acted in his discretion or with the approval of the Central Government, or in which he has to act in that manner, need not be covered by this convention. If this convention is accepted, there will be no need for the Ministries to enter into any types of correspondence on matters of day to day administration, and there will thus be no occasion for levelling charges of interference.

960. *Delegation of Powers*.—As the objective of the Delhi Administration Act was to place the unified control over the administration of the Territory in the hands of the Lt. Governor, it is necessary that he should be given maximum administrative and financial powers and also powers of “State Government” under various laws, except where it is absolutely essential to retain those powers with the Central Government. If such a step is taken, the scope for making references to the Central Government will be considerably reduced. This will necessitate a complete review of all delegations—administrative, financial and statutory—by the Delhi Administration with the object of minimising references to the Central Government.

961. *Rules of Business*.—In order that the internal working of the administration conforms to the recommendations made in the foregoing paragraphs, it will be necessary to carry out a detailed review of the Delhi Administration (Business) Rules, 1966. We feel that our proposals made in respect of the Rules of Business of the Union Territories with Legislatures (paragraphs 244 to 251) can serve as a useful guide for this purpose. The result of the improvements we have suggested in respect of



Delhi, will place it on a footing, more or less, akin to those Union Territories. Care will, however, have to be taken to ensure that the Administrator is able to discharge his responsibility in respect of the "reserved" subjects adequately.

### **Changes in Delhi Municipal Corporation**

962. With a view to strengthen the administration of the Municipal Corporation of Delhi, important changes are under consideration. Briefly these are :

- (i) Under the Delhi Municipal Act, 1957, the executive power for the purpose of carrying on the provisions of the Act vests in the Commissioner, but in a number of cases, he can act only with the previous sanction or approval of the Standing Committee of the Corporation. It is now intended that the executive functions should vest in a Mayor-in-Council consisting of the Mayor, who will be elected by the members of the Corporation, and two Deputy Mayors, who will be appointed by the Administrator on the advice of the Mayor. In this arrangement, the Commissioner will be the principal executive officer of the Corporation and will exercise the powers and perform the duties conferred or imposed on him under the Act subject to the supervision and control of the Mayor-in-Council. Simultaneously, the provisions relating to the Standing Committee will be omitted and its powers will vest in the Mayor-in-Council.
- (ii) The powers exercisable by the Central Government in relation to the Corporation will, to a large extent, be entrusted to the Administrator, who will exercise these powers with the assistance and advice of his Executive Council.
- (iii) Simultaneously, a Road Transport Corporation, an Electricity Board, and a Water Supply and Sewage Disposal Board are to be constituted, which will take over the functions relating to transport, bulk supply of electricity and water and sewage disposal from the Municipal Corporation. The municipal authorities connected with these functions will then be abolished.

963. A Bill embodying these proposals was introduced in Parliament in 1966 but it lapsed on the dissolution of the House after the Fourth General Elections. A new Bill has now been drawn up and after discussion by the Metropolitan Council and the Executive Council, it is under consideration of the Central Government. The basic pattern of the proposed legislation is as indicated in the fore-going paragraphs.

964. From the historical account given in Chapter II of Part IV, it will be seen that the idea of the Mayor-in-Council set-up really originated at the time when the Union Territory of Delhi was under direct Central administration and a powerful Municipal Corporation was created as a substitute for the popular set-up at the State level. In that context, it was quite logical to take steps for the strengthening of the Corporation in order to make it more effective and to vest in the representatives of the people a full measure of control over execution of the policies laid down by the Corporation and day to day civic administration. Now that the Metropolitan Council and Executive Council have been created and function as

the representative bodies in the Territory, it appears necessary to review the proposal relating to the Mayor-in-Council. It seems to us that the creation of the Mayor-in-Council may lead to unnecessary discord between the Territorial Administration and the Municipal Corporation, more particularly when we have recommended that the former level should be accorded the *de facto* status of a State Government in respect of the transferred subjects.

965. We accordingly recommend that before Government proceeds any further with the legislation regarding the Mayor-in-Council, it should undertake a thorough review of the whole question and its likely impact on the autonomy of the Territorial Administration. There may, however, be no objection to proceeding with the constitution of statutory corporations for transport, bulk supply of electricity and water and sewage disposal.

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**PART VI**  
**CONCLUSION**

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**259-260**



## CHAPTER I

### SCOPE AND METHOD OF WORK

966. The Administrative Reforms Commission appointed the Study Team on the Administration of Union Territories on the 16th June, 1967, consisting of the following :—

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|--|-----------|
| 1. Shri R. R. Morarka  | Chairman  |
| 2. Shri M. N. Naghnor,<br>Member of Parliament   | Member    |
| 3. Shri Triloki Singh,<br>Member of Parliament   | Member    |
| 4. Shri L. C. Jain, —<br>General Secretary,<br>Indian Co-operative Union Ltd.,<br>New Delhi.                         | Member    |
| 5. Shri A. D. Pandey, I.A.S.,<br>Joint Secretary,<br>Ministry of Home Affairs,<br>Government of India,<br>New Delhi. | Member    |
| 6. Shri D. J. Madan, I.A.S.,<br>Joint Secretary,<br>Ministry of Finance,<br>Government of India,<br>New Delhi.       | Member    |
| 7. Shri Naresh Chandra, I.A.S.,<br>Deputy Secretary,<br>Administrative Reforms Commission,<br>New Delhi.             | Secretary |

967. Subsequently on the 28th July, 1968, Shri R. N. Chopra, I.A.S., Deputy Secretary, Administrative Reforms Commission replaced Shri Naresh Chandra as Secretary of the Study Team.

968. On the 24th of May 1968, Shri Triloki Singh resigned his membership of the Study Team. His valuable contribution to our discussions in earlier stages helped us in our understanding of the problems of the Union Territories.

969. In the initial order constituting the Study Team, our terms of reference were specified in the following terms :

“The Study Team will examine the administrative structure of the Union Territories including Delhi and suggest reforms with a view to avoiding delays and securing economy in expenditure consistent with efficiency. The Team will also examine the relations between the Government of India and the Administration of Union Territories and make recommendations for redefining them where necessary.

970. Subsequently, on the 24th of June, 1967, our terms of reference were enlarged to include the following :

1. To examine the existing structure of taxation and other sources of revenue and to recommend changes or modifications that are

necessary or feasible both by way of rationalisation and with a view to increasing the revenue resources of the Union Territories in respect of matters covered by the State and Concurrent Lists of the Seventh Schedule to the Constitution.

2. To estimate the revenue receipts of the Union Territories for the remaining years of the Fourth Five Year Plan (1968-69 to 1970-71) on the basis of the levels of taxation or other means of raising revenue that could be attained during those years.
3. To estimate the financial requirements of the Union Territories to meet the committed revenue expenditure on maintenance and upkeep of Plan Schemes completed during the Third Plan.
4. To examine the present arrangements for budgeting and expenditure control in the Union Territories and to suggest modifications, if any, that are necessary.

#### **For Union Territories with Legislatures only**

5. To make recommendations as to the principles that should govern the determination of the quantum of financial assistance by way of grants-in-aid and loans that should be given to the Union Territories with legislatures to enable them to meet the gap between their own revenue resources and their net revenue expenditure, or for financing their capital expenditure (including loans), as the case may be, during the remaining years of the Fourth Five Year Plan (1967-68 to 1970-71). In particular, the recommendations should cover questions as to whether the Central assistance should be fixed amounts or amounts varying in proportion to the resources raised by the Union Territories, whether different principles should be followed for assistance for Plan and non-Plan expenditure and whether the comparative stage of development in neighbouring States should be a guiding factor.
6. To make recommendations as to whether the Union Territories with Legislatures should set up sinking funds to enable them to repay the loans advanced by the Central Government or whether they should be given fresh loans by the Central Government to refund the earlier loans.

971. In its order dated 16th February, 1968, the Administrative Reforms Commission added the Administration of the North East Frontier Agency to the Administrations in respect of which studies had been re-mitted to us by the Commission in the original order appointing the Study Team.

972. After the Team had considered the ambit of the study, the issues involved therein and the broad approach to be adopted, it was decided that the Team would : (a) interview prominent officials and non-officials with intimate knowledge of the subject of study, (b) undertake tours of the Union Territories and NEFA with a view to meeting and discussing with the officials of the Territorial Administrations, individuals and representative organisations important problems connected with their administration, and (c) issue a questionnaire inviting the views of the Territorial Administrations officials and non-officials in relation to our terms of reference.

973. In pursuance of these decisions, we commenced our work with interviews with several senior officers, who had worked as Administrators in the Union Territories. Thereafter, we gradually extended these interviews to prominent non-officials such as Members of Parliament representing the Union Territories, MLAs from the Territorial Legislatures, the Chief Executive Councillor of Delhi, Members of the Delhi Metropolitan Council, the Mayor of the Municipal Corporation of Delhi, etc. We also met the Union Home Minister and senior officers of his Ministry. After we commenced our tours of the Union Territories, we were able to meet many more people with intimate knowledge of the subject of study. In particular, we met Administrators, Chief Ministers, Ministers, legislators, other non-officials and senior officials of the Territorial Administrations. In this manner we were able to cover a very wide cross section of knowledgeable officials and non-officials opinion. In all, we interviewed a total of 193 officials and 194 non-officials, 48 individually and 339 in small groups.

974. Although we made every effort to visit all the Union Territories so as to gain first hand knowledge of their problems in relation to our terms of reference, we were unable to go to the Andaman & Nicobar Islands, Chandigarh and Dadra & Nagar-Haveli. Our Secretary, Shri R. N. Chopra, was, however, able to make a visit to Dadra & Nagar-Haveli on behalf of the Study Team. In respect of the Andaman & Nicobar Islands and Chandigarh, we had to content ourselves with meeting their Chief Commissioners at Delhi and Simla respectively.

975. We also issued a comprehensive questionnaire to : (a) the Territorial Administrations and (b) prominent non-officials including Members of Parliament, MLAs and Members of the Delhi Metropolitan Council. The response to our questionnaire was quite encouraging. In addition to the replies received from all the Territorial Administrations and NEFA, we also heard from 14 M.Ps., 12 MLAs, 14 others.

976. The Study Team held a total of 54 meetings both at Delhi and in the Union Territories we visited.

977. At our instance, the Administrative Reforms Commission entrusted a special study into selected aspects of the Himachal Pradesh Administration to the Department of Administrative Reforms, Ministry of Home Affairs. Himachal Pradesh was selected for this purpose because in many ways it typifies the problems of a Union Territory set-up and the relations between Union Territories and the Central Government. Moreover, it is not at a great distance from Delhi. Where we have considered it appropriate, we have made use of the suggestions contained in the Report of the Special Study for general adoption in all Union Territories. Those recommendations which are only applicable to Himachal Pradesh have been considered separately in Chapter I of Part IV.

### **Acknowledgements**

978. We take this opportunity of acknowledging with gratitude the Union Home Minister's kindness in discussing with us the problems of the Union Territories and providing many valuable suggestions which helped us in finalising our recommendations.

979. Our thanks are also due to the Deputy Minister in the Ministry of Food, Agriculture, Community Development & Cooperation, who gave us a clear insight into the problems of the North East Frontier Agency.

980. We wish to place on record our thanks to the Lt. Governors of Himachal Pradesh, Goa, Daman & Diu, Pondicherry and Delhi, the Chief Commissioners of Manipur, Tripura, Chandigarh and the Andaman & Nicobar Islands, the Chief Ministers of Himachal Pradesh, Goa, Daman & Diu, Pondicherry and Tripura, the Chief Executive Councillor of Delhi and the Mayor of the Municipal Corporation of Delhi for the useful discussions we had with them. Thanks are also due to the officers of Ministry of Home Affairs and of the Union Territories, without whose co-operation and frank expression of views in relation to our terms of reference it may not have been possible to get a proper idea of the problems of the Union Territories.

981. We also wish to place on record our thanks to the Department of Administrative Reforms, and in particular to Shri P. K. Kathpalia, Deputy Secretary, for the useful study they have conducted into some selected aspects of the Himachal Pradesh Administration.

982. Our thanks are also due to Shri V. V. Chari, Secretary, Administrative Reforms Commission, for his valuable co-operation in our work.

983. The Study Team's research staff consisted of Sarvashri C. P. Kapoor, S. R. Chellaney and H. K. Guha, all Senior Analysts, and Shri K. Ramanathan, Research Assistant. They worked assiduously in analysing the large volume of material we received from various sources, in preparing background papers and other similar work connected with our studies. On them fell the main burden of making arrangements for our tours to the Union Territories, arranging interviews, conducting studies and a great deal of other secretariat work, which they undertook without demur and performed with great efficiency and competence.

984. The preparation of various papers and getting the report into its final shape, depended in no small measure on the hard and untiring work, often late into the night, of Sarvashri Darshan Singh and Sarjit Singh, Stenographer and Steno-typist respectively. Our grateful thanks are also due to them.



**CHAPTER II**  
**SUMMARY OF RECOMMENDATIONS**  
**PART I—INTRODUCTORY**

*Chapter I—Introduction*

No recommendations.

*Chapter II—Historical Background*

No recommendations.

**PART II—THE PERSPECTIVE**

*Chapter I—Problems of Union Territories with Legislatures*

No recommendations.

*Chapter II—Administrative Problems*

No recommendations.

**PART III—PROPOSALS FOR REFORM**

*Chapter I—Autonomy of Territorial Administrations*

**Recommendation No. 1 (224)**

The guiding principle which should govern the relations of the Central Government and the Union Territories with Legislatures must provide for the exercise of maximum autonomy by the Territorial Administrations, while at the same time retaining minimum control with the Central Government in a few crucial sectors of activities.

If there is any provision or law or rule which does not conform to this principle, it must be amended.

**Recommendation No. 2 (226)**

The over-riding powers of Parliament under Article 246(4) to make laws with respect to any matter for the Union Territories notwithstanding that such matter is a matter enumerated in the State List, may be allowed to remain intact.

**Recommendation No. 3(230-232)**

Section 25 of the Government of Union Territories Act, 1963 should be amended in such a manner that the Administrator is empowered in his discretion to give or withhold the assent of the President to Bills passed by the Legislative Assembly. These powers will, however, be subject to the following limitations :—

- (a) The Administrator shall comply with any instructions, general or otherwise, given him by the President in respect of such Bills;

- (b) He shall, if so directed by the President, reserve any Bill for the consideration of the President, and a Bill so reserved shall not have any force unless and until he makes known that it has received the President's assent; and
- (c) Notwithstanding that a Bill relates to a matter included in the State List, he shall reserve it for consideration of the President, if a Governor of a State is likewise required to preserve a similar Bill for consideration of the President under any provision of the Constitution.

The Administrator may also return the Bill together with a message requesting the Assembly to reconsider the Bill or any specified provision thereof, and, in particular, consider the desirability of introducing any such amendments as he may recommend in his message. When the Bill has been so reconsidered, the Bill shall again be presented to the Administrator and the provisions mentioned in the above paragraph will again apply.

In as much as the Administrator will have to act in his discretion in withholding or according assent to a Bill presented to him subject to the general limitations mentioned above, it would be appropriate to lay down specific guidelines for the Administrator in the form of an Instrument of Instructions, more or less, on the lines of the instructions issued under the Constitutional Acts of 1919 and 1935. The Instrument may also provide for matters other than those connected with the exercise of legislative powers by the Assembly.

#### **Recommendation No. 4 (233)**

Simultaneously, with an amendment of Section 25 of the 1963 Act, those provisions of the Rules of Business which require prior consultation with the Central Government before legislation is initiated by the Territorial Administration, may also be amended.

#### **Recommendation No. 5 (233)**

In order that drafting of legislation undertaken at the Territorial level is not defective, either suitable legal draftsman should be provided in the Union Territories or it should be left to the concerned Administration to seek the help of the Central Government, if it so desires.

#### **Recommendation No. 6 (235)**

As a corollary to the recommendations regarding assent to Bills by the Administrator, it will be appropriate to empower him to promulgate Ordinance during recess of the Legislature. These powers may, more or less, follow the provisions of Article 213 of the Constitution. In relation to these powers, provision can be made for laying down guidelines in the Administrator's Instrument of Instructions.

#### **Recommendation No. 7 (237 & 238)**

Even conceding that the Central Government have a direct interest in the budgets of the Union Territories as they provide the bulk of their revenues through grants and loans, a method must be found for restricting Central scrutiny to the absolute minimum. This can be done by giving advance

intimation of the quantum of Central assistance to the Territorial Administrations and thereafter allowing them to prepare their own budgets (for detailed proposals see recommendation No. 67). There is, therefore, no need for amendment of Section 27 of the 1963 Act.

#### **Recommendation No. 8 (239-241)**

The proviso to Section 44 of the 1963 Act empowers the Administrator to differ with his Ministers and refer the disputed matter to the President for decision. Although this provision does not conform to the guiding principle which should govern the relations of the Central Government with the Territorial Administrations, the balance of advantage lies in allowing it to remain on the Statute Book for the present.

The use of the powers conferred by Section 44 must be restricted to the most exceptional circumstances and this fact should find mention in the Instrument of Instructions proposed earlier. In practice, the mere presence of this provision on the Statute Book should suffice, without any need for its actual use.

#### **Recommendation No. 9 (242)**

The appointment of the Territorial Ministry by the President instead of the Administrator need not be considered as objectionable. Hence, there is no need for amendment of Section 45 of the 1963 Act.

#### **Recommendation No. 10 (243)**

Section 46 of the 1963 Act should be amended to provide that the Central Government will only retain powers to frame those Rules of Business which impinge on the relations of the Central Government with the Union Territories. The framing of the rules which regulate the internal working of the Administration may be left to the Administrator. If any general directions are to be given in this respect, they can find place in the proposed Instrument of Instructions.

#### **Recommendation No. 11 (246)**

Those provisions of the Rules of Business which require prior concurrence of the Central Government before undertaking legislation on specified matters should be amended. The interests of the Central Government will be adequately safeguarded if legislation on the following matters is undertaken with the prior approval of the Central Government, viz. :

- (a) official language of the Union Territory;
- (b) public order;
- (c) police;
- (d) matters which affect or are likely to affect the interests of any minority community, Scheduled Caste, Scheduled Tribe and Backward Class;
- (e) salaries and allowances of Ministers, Deputy Ministers, Speaker, Deputy Speaker and Members of the Legislative Assembly;

- (f) any matter which may ultimately necessitate additional financial assistance from the Central Government through :
- (i) substantive expenditure from the Consolidated Fund of the Union Territory; or
  - (ii) the abandonment of revenue; or
  - (iii) lowering of tax rates.

In relation to subjects included in the Concurrent List, however, prior concurrence of the Central Government is essential and it is so prescribed even in the case of State Governments.

#### **Recommendation No. 12 (247)**

Those provisions of the Rules of Business which require prior reference to the Government of India before issue of orders should also be amended. It is recommended that except for the following classes of cases, it shall not be necessary to make a reference to the Central Government in any other matter, viz. :—

- (a) important cases which affect or are likely to affect the peace and tranquillity of the Union Territory
- (b) cases which affect or are likely to affect the interests of any minority community, Scheduled Caste, Scheduled Tribe and Backward Class;
- (c) cases which affect the relations of the Central Government with any State Government, the Supreme Court or any High Court;
- (d) proposals for appointment to the post of Chief Secretary, Finance Secretary, Development Commissioner, Inspector General of Police, and the Chairman of the Services Selection Board;
- (e) proposals involving alteration in the essential features of an approved plan scheme; and
- (f) cases in which the Administrator does not have powers under the Delegation of Financial Powers Rules or other similar rules.

#### **Recommendation No. 13 (239)**

Those Rules of Business which require the submission of specified cases to the Administrator before issue of orders should also be amended as these provisions vest far too much control in the Administrator. It is recommended that except for the following classes of cases, it shall not be mandatory to submit any case to the Administrator, viz. :—

- (a) cases required to be referred to the Central Government under the Government of Union Territories Act, 1963 or the Rules of Business;
- (b) Constitution of Advisory Boards under Section 8 of the Preventive Detention Act, 1950;
- (c) Cases pertaining to the Administrator's secretariat, personal establishment, etc;
- (d) Mercy petitions from persons under sentence of death; and

- (e) Any departure from the Rules of Business which comes to the notice of the Chief Secretary or the Secretary of any Department.

**Recocommendation No. 14 (250)**

If any papers are requisitioned by the Administrator, the departmental Secretary shall forward them to him through the Chief Minister.

**Recommendation No. 15 (251)**

The present procedure of issuing two sets of amendments, one from the Finance Ministry amending the D.F.P. Rules and the other a Presidential order from the Ministry of Home Affairs amending the Rules of Business, results in unnecessary duplication. It is, therefore, recommended that matters which are dealt with under separate statutory rules, such as the D.F.P. Rules, need not be included in the Rules of Business.

**Recommendation No. 16 (252)**

In order that the exercise of Central responsibility in areas considered vital does not jeopardise the autonomy of the Territorial Administrations, it is necessary to clearly specify the areas of Central responsibility. Such responsibility should extend to the following matters only, viz. :—

- (i) official language of the Union Territories;
- (ii) peace and tranquillity in the Union Territories;
- (iii) police;
- (iv) the interests of any minority community, Scheduled Caste, Scheduled Tribe and Backward Class;
- (v) the annual plan and five-year plans of the Territories; plan evaluation;
- (vi) the budget estimates of the Territories to the following extent :
  - (a) the Annual Financial Statement for the purpose of obtaining the approval of the President under the provisions of Section 27 of the Government of Union Territories Act, 1963;
  - (b) "really new items" of expenditure proposed for inclusion in the budget;
  - (c) broad review of "really new items" on the non-plan side to ensure that they do not entail any additional liability on the Central Government;
  - (d) examination of proposals for re-appropriation from plan to non-plan items.
- (vii) overall management of the All-India Services and appointments to "crucial" posts;
- (viii) salaries and allowances of Ministers, Deputy Ministers, Speaker, Deputy Speaker and MLAs;
- (ix) proposals entailing additional Central assistance on account of :—
  - (a) substantive expenditure from the Consolidated Fund of a Union Territory; or

- (b) the abandonment or revenue; or
- (c) lowering of tax rates;
- (x) Proposals for legislation in relation to (i), (ii), (iii), (iv) and (viii).

#### **Recommendation No. 17 (253)**

While acting as agent of the Centre, the Administrator must remember that as Head of the Territorial Administration it is also his duty to represent the views of his Administration before the Central Government. In many matters, therefore, it may be necessary for him to intercede on behalf of his Administration with the Central Government and use his influence to further the interests of the Territory.

#### **Recommendation No. 18 (259)**

The Members of the Territorial Legislatures should be included in the electoral colleges for the election of the President. If necessary, the representation of the Union Territories in Parliament may be reduced.

### **Chapter II—Reforms—Administrative**

#### **Recommendation No. 19 (265)**

There does not appear to be any need for a separate Ministry or Department for Union Territories.

#### **Recommendation No. 20 (266)**

The Additional Secretary who is in-charge of the work relating to Union Territories in the Home Ministry may be upgraded to a full-fledged Secretary.

#### **Recommendation No. 21 (268)**

The Home Ministry should be assigned the role of looking into and associating with the plans of the Union Territories, their formulation and evaluation. Accordingly, a formal amendment should be made in the Government of India (Allocation of Business) Rules assigning to the Home Ministry the role of coordinator and overall planner for the Union Territories.

#### **Recommendation No. 22 (270)**

A new post of Director of Finance and Co-ordination may be created in the Home Ministry. The status of this officer may be that of a Director (pay Rs. 1800-2000 p.m.). He will function as the Financial Adviser in relation to the Union Territories and devote particular attention to such crucial matters as resource mobilisation, budgetary trends, economies in staff and other expenditure, rationalisation of financial procedures, review of financial delegations and other aspects of financial administration in the Union Territories. He will also provide a second focal point in the Ministry from which an overall view can be had of the functioning of the total administrative process in the Territories. Work emanating from all sections of the Ministry dealing with financial, administrative and legislative aspects must be routed through this officer. His place in the hierarchy will be above the Deputy

Secretaries and below the Joint Secretaries. He must be sufficiently experienced both in the field of administration and finance and these qualifications will have to be kept in view in making postings.

**Recommendation No. 23 (273-275)**

Territorial and functional responsibilities in the Home Ministry should be separated to the maximum extent possible. This can be achieved without much disturbance of the existing arrangements. There should be three service cells in the Ministry organised in the following manner :

- (i) **Finance Cell.**—The present Accounts Sections, the Planning Cell and Finance Section, which are under the Deputy Financial Adviser, will together constitute the Finance Cell. This Cell shall be directly under the Director of Finance and Co-ordination, who will now replace the Deputy Financial Adviser.
- (ii) **Policy & Co-ordination Cell.**—The work envisaged for this Cell is, to a large extent, already performed in the Legislative Section. There should not be any difficulty in redefining the work allotted to this Section so as to include all aspects of policy and coordination. As at present, this Cell will continue under the Deputy Secretary who deals with Union Territories legislation. He can, if necessary, be redesignated as Deputy Secretary, Policy & Coordination.
- (iii) **Personnel Cell.**—At present, all work relating to the Services in the Union Territories is dealt with by the Deputy Secretary incharge of Delhi and Chandigarh. We feel that in view of the increasing work load relating to the Union Territories cadres of the I.A.S., I.P.S., Indian Forest Service, the DHANI Services, the Civil and Police Services of other Union Territories, the Judicial Services etc., there is need for a separate Deputy Secretary for this work. The Personnel Cell may, therefore, be placed in the charge of a separate Deputy Secretary.

There may also be three territorial desks as under :—

- (a) Delhi, Chandigarh, Andaman & Nicobar Islands, and Laccadive, Minicoy & Amindivi Islands.
- (b) Himachal Pradesh, Goa, Daman & Diu, Pondicherry, Manipur, Tripura, and Dadra & Nagar-Haveli.
- (c) North East Frontier Agency.

**Recommendation No. 24 (275)**

The Deputy Secretary presently incharge of Delhi, Chandigarh and Services may assume additoinal charge of the two Island territories. His responsibilities in respect of Services should be assigned to another Deputy Secretary exclusively in charge of this subject.

The Deputy Secretary presently incharge of the five Union Territories with Legislatures, Dadra & Nagar-Haveli, and the two Island territories, will now have his charge reduced and, as such, his Under Secretary can be taken away.

The post of the Under Secretary thus rendered surplus can be upgraded to provide a separate Deputy Secretary for Services.

**Recommendation No. 25 (276)**

In choosing officers for manning posts of Deputy Secretaries and above in the Union Territories' wing of the Home Ministry, preference may be given to officers from the Union Territories Cadre of the IAS.

**Recommendation No. 26 (277)**

In subject-matter ministries, officers of the status shown below should be earmarked exclusively to deal with matters concerning Union Territories :

- (a) Additional Chief Engineer, C.P.W.D.
- (b) Director of Irrigation & Power.
- (c) Chief Conservator of Forests.
- (d) Assistant Director General of Health Services.

**Recommendation No. 27 (278)**

In order that the Legal Department in the Union Territories can consult the Union Law Ministry in respect of legislative measures and other important legal issues, a Joint Secretary in the Law Ministry with necessary supporting staff may be earmarked for this purpose. He will also cater to the needs of the Union Territories wing of the Home Ministry.

**Recommendation No. 28 (279)**

In respect of other ministries, an officer not below the rank of a Deputy Secretary may be nominated to coordinate all matters concerning Union Territories. The name of this officer should be intimated both to the Home Ministry and each Union Territory. He will be contacted for assistance in expediting pending cases.

**Recommendation No. 29 (281)**

All five Union Territories with Legislatures and Delhi should have Administrators uniformly designated as Lt. Governors.

In other Territories, except Dadra & Nagar-Haveli, the Administrator should be designated as Chief Commissioner.

In the case of Dadra and Nagar-Haveli, the present arrangements can continue; in other words, the Lt. Governor of Goa, Daman & Diu, will be designated as Administrator for this Territory.

Even if there cannot be complete uniformity, there must be some rational basis for designating the Administrators and this should be in accordance with the above recommendations.

**Recommendation No. 30 (283)**

The pay and status of the Lt. Governor should, as a general rule, be the same as that of the present Lt. Governors of Delhi, Himachal Pradesh, Goa, Daman & Diu and Pondicherry.

Except for the Chief Commissioner of the Laccadive, Minicoy and Amindivi Islands, the other two Chief Commissioners, viz., the Chief Commissioners of the Andaman and Nicobar Islands and Chandigarh, should be equivalent in status to Joint Secretaries in Central Government.



The Chief Commissioner of the Laccadive, Minicoy and Amindivi Islands should be equivalent to a Director in the Central Government.

**Recommendation No. 31 (284)**

In view of the duties and responsibilities of Administrators, experienced civil servants or other persons with wide experience of civil administration will be the most suitable for appointment to such posts.

**Recommendation No. 32 (287)**

In small Administrations like those in Chandigarh, Dadra & Nagar-Haveli and the Laccadive, Minicoy and Amindivi Islands, there is no need for a Chief Secretary. The functions of this officer can be performed by the Administrator himself.

In the larger Administrations, particularly where there is a Council of Ministers, a Chief Secretary is essential. Keeping in view the nature of problems faced by the Union Territories and their comparatively poor state of political and administrative development, there is need for an adequately experienced and qualified Chief Secretary. On these considerations, the status of the Chief Secretaries in the Union Territories should be as follows :—

1. Delhi . . . . .	}	Joint Secretary in the Central Government.
2. Himachal Pradesh . . . . .		
3. Goa, Daman and Diu . . . . .		
4. Manipur . . . . .		
5. Tripura . . . . .		
6. Pondicherry . . . . .		Director
7. Andaman and Nicobar Islands . . . . .		Deputy Secretary
8. Chandigarh . . . . .	}	No Chief Secretary
9. Dadra & Nagar-Haveli . . . . .		
10. Laccadive, Minicoy and Amindivi Islands . . . . .		

There is no need for a Chief Secretary in the NEFA Administration,

**Recommendation No. 33 (290)**

Instead of the present pattern of a large number of inexperienced Secretaries of low status, there should be a smaller number of senior and experienced Secretaries in each Territorial Administration. The actual number of Secretaries to be appointed in each Union Territory should be as under :

- |  |  |
|--|--|
| 1. Himachal Pradesh . . . . .                    | Four Secretaries, one of whom may function as Development Commissioner.  |
| 2. Delhi, Goa, Daman & Diu, Manipur and Tripura. | Three Secretaries, one of whom may function as Development Commissioner. |
| 3. Pondicherry . . . . .                         | Two Secretaries  |
| 4. Other Union Territories . . . . .             | The present position may continue.                                       |

**Recommendation No. 34 (291)**

The status of the Secretaries and Development Commissioners should be equivalent to a Deputy Secretary in the Centre. This will mean an officer with a minimum of nine years' service. The Central Government will have to ensure that there is no departure from this rule. If officers of sufficient seniority are not available in the Union Territories cadre of the IAS, there should be no hesitation in obtaining suitable officers on deputation from States.

**Recommendation No. 35 (292)**

In the case of the Andaman & Nicobar Islands, the special pay attached to the post of Finance Secretary should be increased to Rs. 200 per month so as to bring it on par with an IAS Under Secretary in the Centre.

**Recommendation No. 36 (293)**

The Secretaries may be given assistance at the level of Deputy Secretaries and Under Secretaries after appropriate work studies. The special pay attached to the post of Deputy Secretary may be fixed at Rs. 150 and that of Under Secretary at Rs. 100 per month.

**Recommendation No. 37 (294)**

Till such time as the entire work of the Secretariat is properly distributed between the Chief Secretary and the Secretaries, there may be no objection in conferring *ex-officio* Secretariat status on one or more principal heads of departments such as the Principal Engineer, Director of Education, Chief Conservator of Forests, etc. As a general rule, however, the system of *ex-officio* secretaries is not favoured. Experience has shown that there are many dis-advantages in this arrangement.

Keeping in view these considerations, the grouping of subjects into Secretaries' charges has been worked out for Himachal Pradesh, Delhi, Goa, Daman & Diu, Manipur, Tripura and the North East Frontier Agency; these proposals have been incorporated in the relevant Chapters in Part IV.

**Recommendation No. 38 (299)**

The Secretariats in the Union Territories may introduce the system of "officer-orientation" as they are in an advantageous position to do so.

**Recommendation No. 39 (300)**

The Rules of Business should require that all cases requiring submission to the Council of Ministers should be routed through the Chief Secretary in his capacity as Secretary to the Council and empower him : (a) to return incomplete cases, and (b) to examine any case to point out to the Chief Minister the precise implications of the proposals made therein before it is discussed in the Council.

A copy of the weekly statement of important cases disposed of in a department, which is at present submitted to the Administrator and to the Chief Minister under the Rules of Business, should also be sent to the Chief Secretary.

Important communications received from the Government of India and required to be shown to the Chief Minister and the Administrator

under rule 23 of the Rules of Business, should be routed through the Chief Secretary.

All cases of appointment and transfers of heads of departments should be routed to the Chief Minister through the Chief Secretary.

A convention should be established whereby cases involving differences of opinion between two or more departments are reported by the Secretary concerned to the Chief Secretary at as early a stage as possible so that the latter's good offices should be available for removal of difficulties through informal consultation at administrative level.

The Chief Secretary should keep a supervisory eye on the efficient working of the various departments.

#### **Recommendation No. 40 (301)**

The Chief Secretary should be empowered to call for any pending paper and refer it to the concerned Minister and Chief Minister with his comments.

#### **Recommendation No. 41 (301)**

The Chief Secretary should be empowered to record his opinion on the confidential reports of all Secretaries and Heads of Departments in the Administration.

#### **Recommendation No. 42 (302)**

The Home Ministry alone should be empowered to make appointments to the posts of Chief Secretary, Finance Secretary, Development Commissioner, Inspector General of Police and Chairman of the Services Selection Board. Such powers should also extend to short term vacancies.

#### **Recommendation No. 43 (303)**

In filling the post of Finance Secretary in the Union Territories, the Home Ministry should consult the Ministry of Finance.

If an officer with sufficient experience of financial administration is not available in the Union Territories cadre of the IAS, there should be no hesitation in obtaining a suitable person from other State cadres. Alternatively, the Home Ministry should arrange for the training of young officers of the Union Territories cadre of the IAS in the Union Finance Ministry.

#### **Recommendation No. 44 (305)**

In order to strengthen the arrangements for planning in the Union Territories, the following steps are recommended :

- (i) The Planning Department should not only give proper attention to the overall aspects of planning but also oversee correct formulation of departmental plans by individual departments. It should also delve into departmental details to effect the required dovetailing and co-ordination and ensure that the broad targets set will be adhered to.
- (ii) To enable the Planning Department to discharge the above functions, it should be located at a point prestigious enough to be effective, *i.e.* under the Chief Secretary.

- (iii) The Department will also be responsible for taking the initiative in convening meetings of the Planning Committee and the Planning and Development Advisory Board and servicing them, for assessing the needs and resources of the Territory, for laying down targets and determining inter-sectoral priorities, and for the necessary co-ordination.
- (iv) The Planning Department should undertake a systematic enquiry into the major programme of all departments to evaluate their progress and worthwhileness, with the assistance of programme agencies concerned.
- (v) The Chief Secretary as the Secretary in charge of Planning will need suitable assistance with some supporting staff headed by an Under Secretary or a Senior Analyst. The Directorate of Economics and Statistics should be placed under the Chief Secretary.
- (vi) A small evaluation unit to attend to the evaluation of plan programmes should also be attached to the Chief Secretary.
- (vii) Until such time as the various departments (including the Planning Department) of the Union Territories Administrations develop sufficient technical competence, proposals for including new schemes in the plan should continue to require the approval of the administrative Ministries concerned and the Planning Commission.

#### **Recommendation No. 45 (307)**

There is a need for a general strengthening of the arrangements for administrative reforms in the Union Territories because this is the only means of bringing about efficiency and economy. A separate Administrative Reforms Unit should be created in each Territory.

In order to achieve this objective, the following steps may be taken :—

- (a) The Administrative Reforms Unit should be Placed under the charge of the Chief Secretary.
- (b) To begin with, the Unit should have two teams, each headed by a whole-time officer of the rank of Senior Analyst (corresponding roughly to an Under Secretary), one for administrative reviews and inspections, organisational analysis and methods study and the other for assessing staff requirements of different departments and evolving work norms for different types of repetitive jobs.
- (c) Scrutiny of individual proposals for the addition of each and every post need not be entrusted to the Administrative Reforms Unit unless the proposal involves creation of a sizeable bunch of posts and the Finance Department feels that a detailed organisation and method study is called for.
- (d) The staff of the Unit should be trained in work-study techniques; their formal training should be organised in consultation with the Department of Administrative Reforms at the Centre.

- (e) The department should organise the preparation of departmental manuals and hand-books for the guidance of all concerned and design appropriate forms for the submission of different types of proposals.
- (f) The charter for the Unit should be on the lines suggested at Appendix IX.
- (g) A Secretaries Committee on Administration headed by the Chief Secretary should be set up for considering *inter alia* policy issues having a bearing on administrative improvements and for guiding and directing the work of the Administrative Reforms Unit.
- (h) The Unit should maintain an active liaison with the Department of Administrative Reforms at the Centre in more important matters like the formulation of programmes of its studies, specially to begin with, and even in the conduct of the more important among them.

#### **Recommendation No. 46 (310-312)**

*Prima facie* there is scope for reduction in the number of districts in Himachal Pradesh. There is need for a special study by an expert committee in association with the Himachal Pradesh Administration in order to decide the optimum number of districts required for the Territory.

In order to compensate for the reduction in the number of districts, it may become necessary to create some new sub-divisions.

With the separation of the executive from the judiciary, it may also become necessary to appoint some Sub-Divisional Magistrates, particularly in those places where the empowering of Tahsildars will not provide a substitute for Judicial Magistrates.

The creation of independent Sub-Divisions in charge of officers who exercise most of the powers of the Deputy Commissioner can also be considered. This will help in bringing the administration closer to the people.

#### **Recommendation No. 47 (314)**

*Prima facie* there is a reasonable case for a larger number of districts in Manipur and Tripura. Their exact number and boundaries need a special study by an expert committee in consultation with the Territorial Administrations.

#### **Recommendation No. 48 (316)**

The Central Government should take adequate steps to encourage Territorial Administrations to introduce Panchayati Raj as soon as possible.

For some of the Territories at least, excellent models are available in the adjoining States such as Maharashtra, Madras, Andhra Pradesh, etc. In Pondicherry if local sentiment wants continuance of the system of communes, it should not be difficult to modify the pattern of Panchayati Raj in such a fashion as to allow for their continued existence.

#### **Recommendation No. 49 (331 & 335)**

Even if there are difficulties in the management of the Union Territories cadre of the IAS, the problem will have to be reviewed from a wider angle.

The Central Government must devise a system of finding senior and experienced officers for all the Union Territories and the only practicable solution is a cadre embracing all the Union Territories. It cannot view the requirements of Himachal Pradesh in isolation. This Territory cannot, therefore, be allowed to opt out of this cadre.

The Union Territories cadres of the IAS and IPS have only come into existence from the 1st January, 1968, and in all fairness, they should be given a trial. The success of these cadres, to a great extent, depends on the firmness with which the Union Home Ministry is able to resist political pressures from the Territories and also from officers who may wish to avoid postings to difficult areas.

#### **Recommendation No. 50 (336)**

In relation to the Indian Forest Service and other All-India Services which are created in future, the Union Home Ministry should be designated as cadre authority.

#### **Recommendation No. 51 (338)**

For those officers of the IFAS, who are not being taken into the IAS at present, provision should be made for giving them a second chance after they have shown sufficient improvement during the next few years. Such officers should be reassessed in consultation with the UPSC after a specified period. Those who come up to the required standard should then be taken into the IAS. A sufficient period, say five years, should be given to them to prove their worth.

#### **Recommendation No. 52 (338)**

The really hopeless cases should be weeded out of the IFAS and either retrenched or retired compulsorily under the relevant rules.

For the few that remain, normal opportunities of promotion may be given subject to a suitable merit test. Such officers should be shared between several Union Territories and the Central Government instead of concentrating most of them in the NEFA Administration.

#### **Recommendation No. 53 (340)**

In order to mitigate the disadvantages of small Territorial cadres for the Civil and Police Services, efforts should be made at forming joint cadres with the neighbouring States.

#### **Recommendation No. 54 (341)**

For other services it may be possible to form common cadres on the lines of the DHANI cadres for two or more Territories; Manipur, Tripura and NEFA is one possibility.

Another alternative lies in forming joint cadres with the neighbouring States.

#### **Recommendation No. 55 (343)**

The whole question of pay scales for employees of the Union Territories should be referred to a small expert group for detailed examination. It would be better to evolve a new pattern of pay scales based on the

Central pay scales. For those posts for which there is no parallel in the Central Government, new scales may have to be evolved.

#### **Recommendation No. 56 (349)**

The question of incentives for staff posted to difficult areas such as NEFA, the hill areas of Manipur, Tripura, the Andaman and Nicobar Islands, etc., should be referred to a small official committee consisting of representatives of the Home and Finance Ministries and the Territories concerned. This Committee should examine the matter in its proper perspective and make comprehensive recommendations for payment of allowances and other concessions, either existing or additional, by way of compensation for the high cost of living and incentives for postings to difficult areas.

Once the Central Government issues orders, after consideration of the report of this Committee, they should continue in force for at least three years. If another review is undertaken thereafter, the existing orders should remain in force until the whole matter is re-examined and revised orders are issued.

#### **Recommendation No. 57 (350)**

While recruitment to Class I Services and posts may remain with the UPSC, recruitment to Class II (other than the Judicial, Civil and Police Services) and Class III Services and posts should be entrusted to Services Selection Boards to be set up in the Union Territories.

#### **Recommendation No. 58 (351)**

In addition to recruitment, the Board should also be assigned the following tasks :—

- (i) It should organise qualifying or competitive tests for promotion within Class III services or from Class III to Class II services; and
- (ii) the Chairman of the Board should be made the *ex-officio* Chairman of all departmental promotion committees for promotion to and within the Class II and III services.

#### **Recommendation No. 59 (352 and 353)**

Separate Services Selection Boards may be set up in Himachal Pradesh and Delhi. Chandigarh may be linked to the Delhi Board.

There may be another Board jointly for Manipur and Tripura.

A fourth Board may be set up for Goa, Daman & Diu, Pondicherry and Dadra & Nagar-Haveli.

The Andaman & Nicobar Islands should be linked to the Delhi Board and the Laccadive, Minicoy & Amindivi Islands to the Goa—Pondicherry Board. The former Board should visit Calcutta or Port Blair when dealing with recruitment for the Andaman & Nicobar Islands; similarly, the latter Board may visit Kavaratti, Coochin or Calicut when dealing with the Laccadive, Minicoy & Amindivi Islands.

**Recommendation No. 60 (354)**

The *ad hoc* Recruitment Committee for NEFA may continue for the present but ultimately this Territory may either be given a separate Board or it may be linked with the Board for Manipur and Tripura.

**Recommendation No. 61 (355)**

There should be a whole-time Chairman and two part-time official members for each Service Selection Board.

Each Board may be given a small secretariat of appropriate size.

**Recommendation No. 62 (356)**

The Chairman of the Board should be remunerated in the scale of Rs. 1800-2000 per month. He may be either an official or a non-official. His appointment should be made by the President for a term of 5 years.

Statutory provision may be made for the Board in the Government of Union Territories Act, 1963.

**Recommendation No. 63 (359)**

In the case of Delhi, it may be provided in the Rules of Business that the Administrator will exercise his powers in relation to the Services in consultation with the Chief Executive Councillor.

All Administrators should be given powers over Class I services as are now available to the Administrator of Goa, Daman & Diu.

**Recommendation No. 64 (361)**

An Advisory Committee for Dadra & Nagar-Haveli to be associated with the Home Minister should be appointed.

**Recommendation No. 65 (362)**

Instead of appointing members of Advisory Committees by nomination only, it will be appropriate, at least at the Territorial level, to leave their selection to representative institutions.

**Recommendation No. 66 (363)**

An Informal Consultative Committee, consisting of all Members of Parliament from the Union Territories, should be constituted.

It will be advantageous if the Administrators and Chief Ministers of the Union Territories with Legislatures and Administrators in other cases are also invited to participate in the discussions of this Committee.

**CHAPTER III—FINANCIAL ADMINISTRATION****Recommendation No. 67 (383)**

The Union Territories should be entitled to quinquennial devolutions through a Special Finance Commission. The same mechanism may be used for determining non-Plan loan assistance. The deemed share of each Territory in the divisible pool of taxes and duties may also be taken into account for the purpose of calculating grants-in-aid and loans. The devolutions made through this means will be unconditional, except that the



Central Government will have overall powers to issue directions to undertake or discontinue a particular activity. On the plan side, the Central Government may continue to provide funds to finance the plan expenditure which cannot be met from the revenue surplus, if any. Central assistance will be decided on the basis of the approved outlay and expected resources in consultation with the Planning Commission. After these changes are effected, there will be no need for the Central Government to scrutinize the non-plan budget except to ensure that no extra Central commitment is involved; even in the case of the plan budget the scrutiny need only be confined to "really new items". In order to prevent the Territories from running up large deficits, it will be necessary to prescribe a minimum cash balance, which will provide the absolute limit of their expenditure. In respect of the supplementary demands also, an identical procedure will be followed.

#### **Recommendation No. 68 (385)**

The Finance Departments in the Union Territories should be actively associated with the formulation of the plan. They should finalise budget proposals only after the annual plan discussions at the Centre are over. A possible drill in accordance with this principle is at Appendix X.

#### **Recommendation No. 69 (386)**

In view of the recommendation on quinquennial devolutions, the Union Territories may be permitted to operate their Contingency Funds in the normal course without any insistence on prior approval by the Centre for each transaction.

#### **Recommendation No. 70 (387-390)**

As the aim of the recommendations on quinquennial devolutions is to make the Union Territories with Legislatures, more or less, autonomous in financial matters, they should be free to regulate the expenditure of their finances to the maximum extent possible. The Central Government need not, therefore, insist on retaining their financial powers except in those cases where the financial implications are very large or where for the lack of technical competence in the Union Territories the Central Government thinks it advisable to insist on cases coming up for sanction. This should be the principle governing financial delegations to the Union Territories. The responsibility for ensuring financial discipline and propriety of expenditure will lie with the Territorial Administrations; their actions will be subject to scrutiny by the concerned Legislature through its Public Accounts Committee and Estimates Committee. The existing delegation of financial powers should be reviewed in the light of this principle and wherever necessary, the Centre should delegate its powers to the Union Territories.

In the case of other Union Territories, the present delegations appear to be, more or less, adequate.

In respect of the specific proposals received for delegation of additional powers, the recommendations of the Study Team are at Appendix XI.

#### **Recommendation No. 71 (392)**

"Performance Budgeting" should be introduced in the Union Territories.

Suitable training schemes should be devised for those who at different levels will be concerned with the introduction of this system.

**Recommendation No. 72 (394)**

The principles laid down by the Fourth Finance Commission may be adopted by the Central Government in determining the quantum of financial assistance for the Union Territories with Legislatures.

**Recommendation No. 73 (398)**

It is estimated that the total liability on account of committed maintenance expenditure in the Union Territories during the Fourth Plan period will be of the order of Rs. 65.60 crores. The Territory-wise break-up is at Appendix XII.

**Recommendation No. 74 (401-403)**

Due to various difficulties, an estimate of revenue receipts during the Fourth Plan period has only been made for the Union Territory of Delhi. It is estimated that against estimated receipts of Rs. 3856.43 lakhs in the current year, it is possible to attain a figure of Rs. 7186.37 lakhs in 1973-74. The actual measures required to raise additional resources are dealt with in paragraphs Nos. 502, 503, 504, 505, 507, 508, 509, 510, 511 & 512 of the main Report.

## CHAPTER IV—ADDITIONAL RESOURCES

**Recommendation No. 75 (405)**

The Union Territories should set themselves the goal of achieving the rates of taxes and duties prevailing in the neighbouring States. While this should be the ultimate goal, due consideration will have to be given to the special circumstances of each Territory. Keeping this important qualification in mind, on the basis of resource potential, the Union Territories may be categorized in the manner shown in para 405 of the main Report.

**Recommendation No. 76 (408)**

In the Laccadive, Minicoy and Amindivi Islands, the only resource which may yield some revenue in future is fisheries, particularly Tuna. This may entail the formation of a Fisheries Corporation for commercial exploitation of fisheries.

**Recommendation No. 77 (411)**

The Dadra & Nagar-Haveli Administration now proposes to promulgate a comprehensive Excise Duty Regulation, which will provide both for a levy of duty on the sale of liquor and a licence fee. As a result of this step, the Administration estimates that excise revenue may go up to Rs. 8.80 lakhs per year.

Some additional revenue may also accrue on account of assessment of land revenue which is now in progress. As the rates have not yet been decided, it is difficult to make an assessment of the additional yields on this account.

**Recommendation No. 78 (414)**

Considering the general backwardness of NEFA and the difficult conditions in which the people live, for the present, there is not much scope for raising additional resources. The entire Territory is, however, covered with forest wealth (total area under forest is estimated at 17,940 sq. kms.) and this is a potential source of revenue. With road development proceeding apace, it should be possible to simultaneously open up the virgin areas for exploitation of forests.

**Recommendation No. 79 (416)**

In the Andaman & Nicobar Islands, approximately 77.8% of the land area is covered with forests. The Administration has submitted proposals to the Government of India for the extraction of timber from the Little Andaman and it expects to obtain a royalty of Rs. 9.45 crores during a period of 30 years. Forests are the chief natural resource of the Territory and in their exploitation lies the key to its development.

**Recommendation No. 80 (422)**

In Tripura, the rates of Motor Vehicles Tax are low in comparison both to West Bengal and Manipur. The rates should, therefore, be increased.

**Recommendation No. 81 (423)**

As Passenger and Goods Tax is now levied in most other States, it may also be introduced in Tripura.

**Recommendation No. 82 (424)**

The rates of Entertainment Tax are low in Tripura and these should be suitably increased; in addition, Show Tax should also be introduced.

**Recommendation No. 83 (425)**

There is scope for introducing Sales Tax on motor spirit in Tripura. In order to minimise the burden of this tax, the rate should be kept suitably low.

**Recommendation No. 84 (426)**

There is considerable scope for an upward revision of Excise Duty in Tripura.

**Recommendation No. 85 (427)**

There is no Sales Tax in Tripura. This tax should now be introduced on selected commodities.

**Recommendation No. 86 (432)**

The rates of Motor Vehicles Tax are the same both in Assam and Manipur. There does not, therefore, appear to be any possibility of an increase in the Union Territory.

**Recommendation No. 87 (434)**

Considering that Passenger and Goods Tax is levied in the neighbouring State of Assam and many other States in the country, it may also be introduced in Manipur. The Manipur Administration has estimated an yield of Rs. 5.65 lakhs per annum.

**Recommendation No. 88 (435)**

Show Tax should be brought in line with the rates prevailing in Assam. The Manipur Administration is considering an amendment of the rates. This step is likely to yield Rs. 13,000 per annum.

**Recommendation No. 89 (436)**

The Manipur Administration is considering an increase in the rates of Sales Tax on motor spirit so as to achieve parity with Assam. We endorse this step. The estimated yield of this step is Rs. 65,000 per annum.

**Recommendation No. 90 (437)**

There is no Excise Duty on liquor in Manipur. There is no reason why it cannot be levied as is the case in Assam and Tripura.

**Recommendation No. 91 (439-440)**

The Manipur Administration proposes to increase the rates of Sales Tax on "ordinary goods" from 3 paise to 5 paise and on "declared goods" from nil to 3 paise so as to achieve parity with Assam. These two measures are likely to yield Rs. 3.75 lakhs per annum.

In addition to these measures, the Manipur Administration should also consider the desirability of imposing Sales Tax on items which are at present exempted. They may ensure that the tax rates are kept suitably low because of: (a) high cost of transportation, and (b) the general backwardness of the area and the inability of the people to bear a high incidence of tax.

**Recommendation No. 92 (446)**

Motor Vehicles Tax should be introduced in Pondicherry with rates, more or less, identical with Madras.

**Recommendation No. 93 (447)**

Passenger & Goods Tax may be introduced in Pondicherry.

**Recommendation No. 94 (448)**

Both Entertainment Tax and Show Tax should be introduced in Pondicherry.

**Recommendation No. 95 (449)**

As there is considerable difference in the rates of Sales Tax on motor spirit between Pondicherry and Madras, there should be no difficulty in increasing the rate in Pondicherry to 6% to 7%.

**Recommendation No. 96 (450)**

The rates of Excise Duty in Pondicherry are adequate and there does not appear much scope for an increase at present.

**Recommendation No.97 (452)**

With a judicious increase in rates of Sales Tax in Pondicherry, considerable additional revenue can accrue to the Territory. It may, however, be necessary to retain a suitable differential in rates with Madras in order to prevent diversion of trade.

**Recommendation No. 98 (453)**

The Pondicherry Administration is thinking of introducing taxes on motor vehicles, passenger and goods and on entertainment. In addition, it is contemplating levy of Excise Duty on denatured spirit, levy of Electricity Duty and extension of the Indian Stamp Act, 1899, and the Indian Registration Act, 1908, to the Territory. The cumulative effect of these measures will be an additional revenue of Rs. 53.10 lakhs per annum. We endorse these steps.

**Recommendation No. 99 (459)**

There is considerable difference in the rates of Motor Vehicles Tax in Goa and the neighbouring States. The rates may, therefore, be increased so as to reach the rates prevailing, at least, in Maharashtra.

**Recommendation No. 100 (460)**

There is scope for introducing Passenger and Goods Tax in Goa. In the first instance, the Mysore rates can be adopted.

**Recommendation No. 101 (462)**

Considering the low rates of Entertainment Tax in Goa, there should be no difficulty in effecting an increase, at least, upto the Mysore rates.

**Recommendation No. 102 (463)**

The rates of Sales Tax on motor spirit are considerably lower in Goa in comparison to Maharashtra and Mysore. In the first instance, therefore, an effort should be made to reach parity with Mysore.

**Recommendation No. 103 (464)**

The rates of Excise Duty in Goa are low and there is scope for increase.

**Recommendation No. 104 (468)**

It should not be difficult to achieve the rates of Sales Tax levied in Maharashtra, although this may have to be properly phased out. The Goa Administration is already thinking on these lines.

**Recommendation No. 105 (475)**

The rates of Motor Vehicles Tax in Himachal Pradesh are considerably lower than in Punjab and Delhi. They should, therefore, be suitably increased.

**Recommendation No. 106 (477)**

Instead of lowering the rate of Passenger and Goods Tax, it should be levied uniformly at the Punjab rates throughout Himachal Pradesh.

**Recommendation No. 107 (478)**

Show Tax is being uniformly extended throughout Himachal Pradesh. We endorse this step. This measure is expected to yield an income of Rs. 25,000 per annum.

**Recommendation No. 108 (481)**

Although it may not be immediately possible to achieve the rates of Excise Duty prevailing in the Punjab, every effort must be made to tap this excellent source of revenue.

**Recommendation No. 109 (482)**

There is no justification for lowering the rates of Sales Tax on motor spirit in Himachal Pradesh. In fact, the Punjab rates must be introduced throughout the Territory.

**Recommendation No. 110 (484)**

Even if it is considered that Himachal Pradesh has to import most of the commodities consumed within the Territory, and as a consequence has to pay Central Sales Tax, this is no justification for failure to extend General Sales Tax throughout the Territory. A comprehensive General Sales Tax should be imposed in the Territory and the rates of tax should, as far as possible, be comparable with the rates prevailing in the Punjab.

**Recommendation No. 111 (485)**

The demand for abolition of Profession Tax in the merged areas of Himachal Pradesh must be resisted; it should be extended throughout the Territory.

**Recommendation No. 112 (486)**

On a date to be notified by the Himachal Pradesh Administration, Urban Immovable Property Tax is to be extended to old Himachal Pradesh. It is estimated that an additional amount of Rs. 2 lakhs per annum will accrue to the Administration on account of this step.

**Recommendation No. 113 (491-492)**

The Himachal Pradesh Administration must levy a suitable tax on orchard crops grown in the Territory. A tax in the nature of Agricultural Income Tax or Sales Tax can be considered.

**Recommendation No. 114 (496)**

It may not be possible to increase rates of taxes in Chandigarh so long as there is no corresponding increase in the Punjab and also in Haryana.

With the development of the town, however, income from sale of plots should go up considerably.

**Recommendation No. 115 (501)**

In Delhi, the Administration has, for some time, been systematically studying available sources of revenue so as to achieve maximum resource mobilisation. It is estimated that the cumulative effect of all the proposals under consideration will be an increase in revenue of Rs. 238.26 lakhs per annum.

This is the minimum that the Delhi Administration must do towards resource mobilisation.

The proposals have been discussed in paragraphs 502, 503, 504, 505, 507, 508, 509, 510, 511 and 512 of the main Report.

## CHAPTER V—ECONOMY

### Recommendation No. 116 (525 & 526)

As a first step, in the Himachal Pradesh Secretariat and other headquarter organisations, which have been inspected by the SIU, all vacant posts must be frozen. Thereafter, all posts that have been declared surplus by the SIU must be abolished. The persons working against such posts may then be placed in a pool of surplus officials. Once this is done, a phased programme of retrenchment may be initiated. This programme will embrace the entire Administration. All persons holding *ad hoc* and short term appointments and those employed on time-bound schemes should be retrenched. Liberal use may be made of the relevant rules to compulsorily retire incompetent, inefficient and corrupt officials. At the same time, retrenchment benefits may be given to those who are willing to leave government service voluntarily. In the vacancies that are thus created, appointments may be made from the surplus pool. It will also be necessary to place a moratorium on all fresh recruitment throughout the Administration.

If a comprehensive programme is drawn up on these lines, there should not be much difficulty in ridding the Administration of staff equivalent to that which has been declared surplus by the SIU. All that is needed is a firm will to implement this programme.

### Recommendation No. 117 (540)

Special efforts are needed to conduct work studies in all the Union Territories at all levels from the Secretariat down to the district. For this purpose, we suggest that a Special Unit similar to the SIU should be created and located in the Home Ministry. The aim of the Special Unit will be to review the staffing of establishments in the territorial administrations with a view to secure economies consistent with administrative efficiency.

### Recommendation No. 118 (541)

As the Special Unit will cater to the needs of 10 Union Territories and NEFA, it should have two teams, each consisting of—

Senior Analyst	One
Junior Analyst	One
Technical Assistants/Investigators	Two

The Special Unit should be located in the Finance Cell and placed under the direct charge of the Director of Finance and Coordination (new post).

### Recommendation No. 119 (542)

Once the Special Unit becomes functional, it must undertake a systematic programme of work studies for all the Union Territories. The Unit should

work in close collaboration with the Administrative Reforms Units in the territories.

### **Recommendation No. 120 (543)**

The Special Finance Commission will make special allowance for scope for economy in expenditure in determining the quantum of financial assistance to be given to the Union Territories. Until this body is set up, the Central Government should also make a similar allowance in its determination of annual financial assistance, particularly when it is faced, with a situation in which a specialized organisation like the SFC has made specific recommendations for staff economies.

## **PART IV—INDIVIDUAL UNION TERRITORIES**

### **CHAPTER I**

#### **THE UNION TERRITORY OF HIMACHAL PRADESH**

(The proposals considered in this Chapter are based on the Report of the Special Study conducted by the Department of Administrative Reforms into selected aspects of the Himachal Pradesh Administration. Some proposals made in this Report have been adopted for general application to all Union Territories; accordingly, they have been dealt with in the relevant Chapters. The remaining proposals, which mainly concern Himachal Pradesh, are considered in this Chapter. In this summary also, only those proposals which have not been adopted generally for all the Union Territories and concern Himachal Pradesh alone are mentioned.)

### **Recommendation No. 121 (555 & 556)**

Three new departments may be created in the Himachal Pradesh Secretariat, viz., the Administrative Reforms Department, Services Department and Planning Department. Simultaneously, the Cabinet and Confidential Department, Civil Supplies Department, Department of Panchayats and Department of Welfare may be abolished. The work transacted in the departments recommended for abolition may be allocated in accordance with the recommendations made in paragraph 555 of the main Report.

### **Recommendation No. 122 (558 & 559)**

A Chief Secretary and four Secretaries (one of whom will function as Development Commissioner), the first equivalent to a Joint Secretary and the others equivalent to Deputy Secretaries in the Central Government, will suffice for this Administration. In addition, the Chief Engineer, Multi-Purpose Projects and Power, may function as *ex-officio* Secretary. The departments may be grouped into Secretaries charges in accordance with the recommendations made in paragraph 558 of the main Report.

The post of Financial Commissioner may be abolished and, in its place, the post of Revenue Commissioner may be revived.

"Planning" should be placed in a prestigious position under the Chief Secretary as he is in the best position to coordinate the efforts of all departments.



There is no objection in entrusting the Law Secretary with substantive work of other departments; he must be of the status of a District and Sessions Judge and he should receive a special pay equivalent to other Secretaries in the Administration, viz., Rs. 300 per month.

The Department of Community Development, Panchayats and Welfare should be headed by the Deputy Development Commissioner to be redesignated as Director, Community Development, Panchayats and Welfare.

The functions of Transport Commissioner should be entrusted to the concerned Secretary (Chief Secretary).

A separate Director of Tourism is essential because of the immense potential of tourism in this Territory.

#### **Recommendation No. 123 (560)**

As a result of the proposals made in Recommendation Nos. 121 and 122, there will now be 22 Secretariat Departments grouped into six Secretaries' charges, five held by regular Secretaries, including the Chief Secretary, and one by an executive head functioning as *ex-officio* Secretary.

#### **Recommendation No. 124 (561)**

Although, in principle, there is nothing objectionable in the proposals made in the Report of the Special Study regarding the allocation of work to Ministers, this question is basically political in character. Hence, there is no advantage of going into this question.

#### **Recommendation No. 125 (562)**

The principles, as also the types of cases, recommended in the Special Study for submission to the Administrator do not go far enough. In the context of the proposals for "Working Statehood" contained in Part III, the type of cases, which the Administrator should see, have been indicated. There is no advantage in enlarging this list.

#### **Recommendation No. 126 (563 & 564)**

There is need for institutional support to the Chief Minister in the shape of a Secretary of adequate rank, calibre and experience. He should be an IAS officer in the senior time-scale of pay.

In some other Union Territories with Legislatures, it may also become necessary to give similar institutional support to their Chief Ministers.

#### **Recommendation No. 127 (568)**

The financial set-up and procedures of Himachal Pradesh should be organised as under :

- (i) The Finance Secretary should always be a senior officer of the requisite aptitude, training and background. There should be no hesitation in : (a) obtaining the services of a suitable officer from outside the Union Territories cadre, or (b) in entertaining the post temporarily on the super-time scale of pay if a suitable officer on senior time scale is not available.
- (ii) The Finance Secretary should be assisted by a Joint Secretary and two Under Secretaries. The Joint Secretary should be

authorised by an internal arrangement to dispose of the bulk of minor cases leaving the Finance Secretary more time for policy work. These officers should be picked for their suitability and given appropriate training.

- (iii) The work of the Finance Department should be re-distributed among the following branches :—
  - (a) I Branch—For examining expenditure as well as budget proposals pertaining to individual departments and the giving of financial advice;
  - (b) II Branch—For the consolidation of the budget, ways and means control and other over-all problems related to budget and accounts;
  - (c) III Branch—General financial matters like the revision of pay scales, delegation of financial powers, coordination of financial policy; and
  - (d) IV Branch—All work regarding accounts of local bodies.
- (iv) The system of pre-budget scrutiny should gradually be introduced so that once a scheme has been approved for inclusion in the budget, its implementation should not require fresh sanction of the Finance Department.
- (v) Accounts and the Finance side in the departments should be suitably strengthened. The feasibility of constituting a Finance and Accounts Service, encadring the Accounts Officers of different levels in the various departments and the Treasury Officers may be considered. The Finance Department should be the cadre authority of the proposed service but administrative control over the officers should vest in the heads of the departments under whom they serve. The Finance Department should organise the training of these officers.
- (vi) An Expenditure Finance Committee consisting of the Finance Secretary, Joint Secretary (Finance) and Joint Secretary (Planning) should be set up to scrutinise and approve the following categories of proposals :—
  - (a) all proposals involving expenditure on a new service;
  - (b) all proposals for the expansion of existing services involving an expenditure exceeding certain specified limits, say, Rs. 5 lakhs (non-recurring) and Rs. 1 lakh (recurring); and
  - (c) all proposals for supplementary grants.

The administrative Secretaries and the heads of departments should appear in person to explain their proposals to this Committee.

#### **Recommendation No. 128 (574)**

In the context of the proposals for "Working Statehood", it would be more appropriate to leave the question of delegation of powers in the field of personnel administration to the Central Government and the Territorial Administrations. Hence, no specific recommendations are made on this point.

**Recommendation No. 129 (576)**

While there is little doubt that in view of the constitutional position of the Services and the position of the Administrator as the delegate of the Central Government, the Administrator has a positive role *vis-a-vis* the Services. However, in the context of the recommendations on "Working Statehood", this problem will have to be approached in a different manner. Within the limitations imposed by the Constitution, the Administrator must exercise his functions *vis-a-vis* the Services in consultation with the Chief Minister. Except for this qualification, there is no objection if the Administrator's role in the following crucial matters is strengthened :—

- (a) selection of personnel for key posts;
- (b) important aspects of management of All-India Services;
- (c) posting of Secretaries, Heads of Departments, Deputy Commissioners, and Superintendents of Police;
- (d) cases of discipline concerning Class I officers, appeals, petitions and memorials; and
- (e) review and revision of orders passed by subordinate authorities.

**Recommendation No. 130 (578)**

The principles underlying the recommendations on Intra-Departmental Structures in the Report of the Special Study are accepted. It would, however, be better if these recommendations are first tried on an experimental basis in one or two departments in the Himachal Pradesh Administration. It will also be useful if a similar experiment is conducted in the Delhi Administration where it can be watched at first hand by the Central Government.

**Recommendation No. 131 (579)**

On the pattern of the organisational changes suggested for the administrative departments, the Report of the Special Study has also made similar recommendations for the offices of the Heads of departments. In this case also, the recommended organisational changes should be tried on an experimental basis. It would be appropriate if these changes are introduced simultaneously in the chosen secretariat departments and their attached field agencies. The main recommendations relating to the offices of the executive heads of departments are as under :—

- (i) Major executive heads may need the assistance of qualified and experienced staff officers for handling work relating to planning, personnel administration and financial management. Medium and minor heads of departments may also need to be given some assistance although not on the same scale.
- (ii) Within the headquarters office, the head of department should encourage the officers under him to dispose of relatively unimportant cases themselves on his behalf.
- (iii) Both the executive head and his two staff officers at the headquarters will be free to consult the staff aides of the Secretary

even in matters falling within the delegated sector. Such consultation should, as far as possible, be oral.

- (iv) In matters beyond the powers delegated to the executive heads, proposals should be formulated by the headquarters office on its own files and referred to the Staff Officer (Finance and Personnel) to the Secretary. Cases involving difference of opinion between the executive head and the Secretary's staff officers should be decided at the Secretary's level.
- (v) Proposals from executive heads of departments should normally come on their own files and be dealt with under a "single file system". No noting should ordinarily be done on such cases below the level of the Secretary's staff officers.
- (vi) The staff aides of the Secretary should maintain close liaison with departments like Planning, Finance and Services and officers of these departments should be able to inspect their work and acquaint their Secretaries with their assessment.
- (vii) Staff aides of Secretaries should keep an over-seeing eye on the healthy functioning of the offices of executive heads in their respective spheres, and for that purpose visit the corresponding branches in the headquarters and conduct test-checks.
- (viii) Secretary's office and the headquarters organisation of the executive heads concerned should be housed compactly in one building or in adjacent buildings.

#### **Recommendation No. 132 (580)**

With the provision of whole-time administrative Secretaries covering all departments of Government, organisational arrangements will be available for ensuring sound and objective decisions at the official level. The Minister will then be able to authorise his Secretary to dispose of on his behalf most of the cases which now go to him for decision. The Minister can then concentrate on important questions of policy and major operational programmes. This will entail a whole-sale revision of the standing orders issued under the Rules of Business specifying the classes of cases to be submitted to Ministers before issue of orders.

#### **Recommendation No. 133 (584)**

In the context of the recommendations on "Working Statehood" in Part III, the role of the Administrator is different from that set out in the Report of the Special Study. In fact, the role envisaged for the Administrator is one of reduced importance, while a more dynamic role has been allotted to the elected government of the Territory.

#### **Recommendation No. 134 (585)**

In view of their ultimate responsibility for the good governance and progress of the Union Territories, the Central Government must involve themselves closely in all matters of strategic importance. In operational matters, however, the Centre need only retain control in most crucial matters. Based on this principle, the precise role envisaged for the Central Government and the modifications and amendments that will be required in the statutes and rules to achieve this objective have been spelt out in Chapter I of Part III.

## CHAPTER II

### *The Union Territory of Delhi*

#### **Recommendation No. 135 (603-614)**

The present Lt. Governor of Delhi has made detailed proposals for a change in the present administrative set-up of this Territory. These proposals have been described in paragraphs 603-613 of the main Report (also see Appendix XIV).

The proposals for a change in the administrative set-up of the Territory are unlikely to be an improvement over the present arrangements. They are greatly dependent on the institution of *ex-officio* Secretaries, which is not considered suitable for this Territory, where the Executive Council has assumed office only about two years ago. There is also no particular advantage in the creation of posts of Commissioners, Home and Finance. Much of the work that is to be allotted to the Commissioner, Home is at present being performed by the Chief Secretary; there is no advantage in giving the same work to another officer with a different designation and lower in status to the Chief Secretary. Similarly, the functions and responsibilities of the proposed Financial Commissioner are essentially those of the present Finance Secretary. The Deputy Administrator, in many respects, also resembles the Chief Secretary.

#### **Recommendation No. 136 (615)**

A Chief Secretary and three Secretaries (one of whom will also function as Development Commissioner *ex-officio*), the first equivalent to a joint Secretary and others equivalent to Deputy Secretaries in the Central Government, will be sufficient for this Territory. In addition, three important Heads of Departments may function as *ex-officio* Secretaries; they can be equated to Deputy Secretaries in the Central Government.

The Departments may be grouped into Secretariat charges in accordance with the recommendations made in paragraph 615 of the main Report.

#### **Recommendation No. 137 (616)**

Except for the Heads of Departments who have been given *ex-officio* status of Secretaries, all other heads of departments will be of lower status. If they are officers of the IAS, they may receive a special pay of Rs. 200/- per month. This will mean that the Director of Vigilance, the Chief Controller of Rationing and the Director of Employment, Training and Technical Education will have to be down-graded to this level. This will also mean the down-grading of the post of Housing Commissioner; this post is, at present, in the grade of Rs. 1800-2000.

#### **Recommendation No. 138 (619 & 620)**

The present arrangement of three Additional District Magistrates, each in territorial charge of a part of the Territory, may be allowed to continue. It is, however, essential that instead of locating the Additional District Magistrates centrally in the office of the Deputy Commissioner, they should each be located territorially in their respective jurisdictions. This will result in better supervision, particularly in the field of law and order and make it easier for the public to approach them.

Other departments in the Administration, particularly those with public dealings, should also locate their representatives in the territorial divisions. Such departments' representatives should work under the direct control and supervision of the concerned Additional District Magistrate. This step will result in an arrangement similar to the district set-up in most States. Both supervision and co-ordination will improve and the Administration will become accessible to the public.

**Recommendation No. 139 (621)**

The rural areas of the Territory may be withdrawn from the jurisdiction of the Corporation and placed under Panchayati Raj institutions.

### CHAPTER III

#### *The Union Territory of Goa, Daman & Diu*

**Recommendation No. 140 (639)**

A Chief Secretary of the status of a Joint Secretary and three Secretaries of the status of Deputy Secretaries in Central Government are recommended for this Territory. With this strength, departments should be grouped into Secretaries' charges in accordance with the recommendations made in paragraph 640 of the main Report.

### CHAPTER IV

#### *The Union Territory of Pondicherry*

**Recommendation No. 141 (669)**

A Chief Secretary of the status of a Director and two Secretaries, each equivalent to Deputy Secretaries in the Centre, are recommended for this Territory.

With this strength, departments should be grouped into Secretaries' charges in accordance with the recommendations made in paragraph 669 of the main Report.

### CHAPTER V

#### *The Union Territory of Tripura*

**Recommendation No. 142 (682)**

A Chief Secretary of the status of a Joint Secretary and three Secretaries of the status of Deputy Secretaries in the Central Government are recommended for this Territory. The recommended grouping of departments into the Secretaries' charges should follow the pattern recommended for the Union Territory of Goa, Daman & Diu (Paragraph 669).

**Recommendation No. 143 (683)**

There is need for the creation of one or more additional districts after a special study is undertaken in association with the Territorial Administration. (See Recommendation No. 47)

**Recommendation No. 144 (685)**

There are four levels in the district administrative set-up. It should be possible to do away with either the Zonal Sub-Divisional Officers or Additional Sub-Divisional Officers. Even the number of tehsils appears to be excessive. The task of reorganising tehsils and the sub-divisional levels may also be entrusted to the team, which undertakes the special study in relation to the needs for additional districts in this Territory.

**Recommendation No. 145 (693)**

Now that a definite plan for remedial action has been drawn up in relation to the tribal problems of this Territory, it will be necessary for the Home Ministry to ensure that it is implemented expeditiously. It would be helpful if a small "Watch Dog Committee" is set up in this Ministry to watch progress and co-ordinate efforts of the various executing agencies.

As local conditions in Tripura are in many respects similar to Manipur (and in certain respects to NEFA), it may be advisable to introduce the 'single-line' system of administration, at least, in the predominantly tribal areas.

**Recommendation No. 146 (694)**

Keeping in view the security and development needs of this Territory, it appears essential to construct an all-weather road along the international border with Pakistan. In order to ensure expeditious construction, the work may have to be entrusted to the Border Roads Organisation.

**CHAPTER VI***The Union Territory of Manipur***Recommendation No. 147 (708)**

A Chief Secretary of the status of a Joint Secretary and three Secretaries equivalent to Deputy Secretaries in the Central Government are recommended for this Territory.

The grouping of departments into Secretaries' charges should follow the pattern recommended for the Union Territory of Goa, Daman & Diu (Paragraph 669).

**Recommendation No. 148 (709)**

There is need for the creation of one or more additional districts after a special study is undertaken in association with the Territorial Administration (see Recommendation No. 47).

**Recommendation No. 149 (712)**

It is essential that construction work on the Imphal-Silchar road be expedited. If necessary, this work may be entrusted to the Border Roads Organisation.

Immediate steps should also be taken for the formulation of a Five Year Plan of road construction within the Territory on the lines recommended for NEFA (see Recommendation No. 158). If it is ultimately decided to divide the Territory into more than one district, priority should be given to connecting the district headquarters with Imphal.

## CHAPTER VII

### *The North East Frontier Agency*

#### **Recommendation No. 150 (736 & 737)**

In addition to the Adviser, three Secretaries and one Judicial Officer are more than adequate for the needs of the NEFA Administration.

There is adequate justification for an officer, who can deputise for the Adviser in his absence and also function as Development Commissioner. Accordingly, one Secretary out of the three recommended, may function as Deputy Adviser-cum-Development Commissioner. As he will have to exercise some supervisory powers over other Secretaries and Deputy Commissioners in one or the other of his capacities, his status should be higher than these officers. It will suffice if he is made equivalent to a Director in the Central Government.

The status of the other two Secretaries should be equivalent to Deputy Secretaries in the Central Government.

#### **Recommendation No. 151 (738)**

With the strength recommended, the departments should be grouped into Secretaries' charges in accordance with the recommendation made in paragraph 738 of the main Report.

#### **Recommendation No. 152 (741)**

The designation of the Judicial Officer should be changed to Judicial Secretary or Law Secretary as is the case in other Union Territories. He should be remunerated in the same scale as other Secretaries, i.e. Rs. 900-1800 plus a special pay of Rs. 300/- per month.

#### **Recommendation No. 153 (742)**

In view of the ambitious programme in the industries sector recommended in the Techno-Economic Survey of NEFA, it may become necessary to have a separate Secretary for Industries. It is suggested that the post of Chief Industries Officer should be up-graded and redesignated as Director of Industries. He can then function as Secretary, Industries *ex-officio*.

#### **Recommendation No. 154 (743)**

There does not appear to be any need to upgrade the post of Adviser to the Governor to the level of Additional Secretary in the Centre.

#### **Recommendation No. 155 (744)**

In view of the increasing importance of the resettlement programme in NEFA, there is need for a separate Director of Resettlement. However, no additional post need be created for this purpose as it should not be difficult to find a suitable officer to undertake this work on a whole-time basis with a little re-adjustment among the existing staff.

#### **Recommendation No. 156 (746)**

There is need for an Addl. Chief Engineer in NEFA. This need can be met by up-grading one post of Superintending Engineer. No new post need be created.



**Recommendation No. 157 (750)**

There is a persistent demand for early shifting of the administrative headquarters of NEFA to a suitable location within the Agency. The justification of this demand needs no elaboration. While there is no objection in consulting the Agency Council, when formed, about the location of the headquarters, care will have to be taken to ensure that the matter does not get bogged down in rival claims by representatives of various districts.

**Recommendation No. 158 (753)**

Considering the imperative need for roads in NEFA, it would be advisable to formulate a separate Five Year Road Building Plan. Once the Plan is approved, it must be ensured that adequate finances are provided for its implementation in the stipulated period.

The poor road communications of NEFA will have to be supplemented by air services. As a first step, a civil air service linking all the district headquarters with Guhathi may be started. Certain private parties may be interested in this venture. If not, the Indian Airlines may be approached in the matter.

**Recommendation No. 159 (758-759)**

The transfer of some area in the plains to Assam in 1951 is still resented by the local people. As the matter has aroused strong feelings, it appears essential to arrive at an early solution, otherwise attitudes may harden and make it difficult to find an acceptable solution later on. As shortage of good arable land in NEFA is really the main reason behind this boundary dispute, two alternative solutions are possible, viz. : (a) suitable land may be provided by the Assam Government in the areas bordering NEFA which can be allotted to the NEFA tribals for cultivation, and (b) new land can be located and developed for cultivation within NEFA itself so as to meet the prevailing land hunger.

An early solution will have to be found, otherwise this problem may assume the form of an agitation. At the same time, effective steps will be necessary to educate the people to support the final decision taken by the Administration.

**Recommendation No. 160 (760-761)**

For the present, there does not appear to be any need for a change in the restrictions imposed on the entry of outsiders into NEFA through the imposition of the "Inner Line". There is, however, need for an organised settlement programme in those areas where there is paucity of population.

**CHAPTER VIII***The Union Territory of Andaman & Nicobar Islands.***Recommendation No. 161 (781-782)**

There is no need for any change in the secretariat set-up of this Territory, except that the status of the Chief Secretary and Finance Secretary should be raised to that of a Deputy Secretary and an Under Secretary in the Central Government respectively.

As there have been certain complications due to designating the Secretaries as Secretaries to the Chief Commissioner, they should be redesignated as Secretaries to the Administration.

**Recommendation No. 162 (786)**

As a reliable shipping link with the mainland is essential for the development of this Territory, it is necessary to prepare a perspective plan for this purpose. Steps can then be taken in advance for acquisition of an adequate number of ships, otherwise the economic development of the Territory is likely to suffer.

**Recommendation No. 163 (787)**

Steps may be taken for the provision of a more adequate air link than the present weekly Calcutta-Port Blair service. It will be in the larger interests of this Territory, if this service is declared as of "national interest", which will obviate the need for payment of subsidy.

**Recommendation No. 164 (805)**

Considering that the development of this Territory is dependent on the Accelerated Development Programme, it appears necessary to insist on a more vigorous implementation of the schemes that have already been sanctioned and early processing of those which are still under consideration.

It is suggested that an Inter-Ministerial Committee should be formed for this purpose. Representatives from the Ministries of Home Affairs, Finance, Defence, Rehabilitation etc. may find place on this Committee. The Secretary in charge of Union Territories may preside. It will be the task of this Committee to keep a close watch on the progress made in the implementation of the Accelerated Development Programme.

## CHAPTER IX

*The Union Territory of Laccadive, Minicoy & Amindivi Islands.*

**Recommendation No. 165 (826)**

There is no need for any change in the pattern of the secretariat and other administrative organs of this Territory.

**Recommendation No. 166 (827)**

The lack of a dependable link with the mainland is a major problem for these Islands. The provision of an all-weather shipping service to the mainland is an urgent necessity. Simultaneously, action will also be needed to improve harbour facilities in the main Islands.

## CHAPTER X

*The Union Territory of Dadra & Nagar Haveli*

**Recommendation No. 167 (844)**

The present administrative set-up in the Territory is functioning well and it is alive to the needs of reorganisation and economy. There will, therefore, be no advantage in making unnecessary changes.

**Recommendation No. 168 (847)**

The steps now being taken by the Administration to solve the current problem of indebtedness of tenants is a step in the right direction. It would, however, be useful if the whole question of landlord-tenant relations is reviewed in the light of the latest thinking on this subject. The Land Reforms and Tenancy Acts of Maharashtra and Gujarat can serve as models.

**Recommendation No. 169 (850)**

While the industrial development of this Territory is commendable, there are some spheres where there is scope for further action. It may be advantageous to carry out an early survey of the mineral resources of the Territory. The proposal for setting up a paper mill which was mooted about three years back should be expedited. No progress appears to have been made in establishing industries like catechu extraction, straw-board, mangalore tiles, etc. which have been recommended in the report of the Central Small Industries Organisation which conducted a survey of the industrial potential of this Territory.

**CHAPTER XI***The Union Territory of Chandigarh***Recommendation No. 170 (860)**

The present administrative set-up in this Territory appears to be adequate for its needs. No changes are, therefore, called for.

**PART V****THE FUTURE OF UNION TERRITORIES****CHAPTER I***Statehood***Recommendation No. 171 (884-895)**

The two factors of importance which have been taken into account by the Centre in examining demands for Statehood are : (i) financial viability, and (ii) national security.

On the basis of "per capita deficit" it is seen that none of the Union Territories is financially viable. The position will become worse in future because the Union Territories have started borrowing from the Central Government only from 1963, and debt charges are insignificant at present. Once the full impact of debt charges is felt, the revenue deficit will show a marked increase.

While the Union Territories, particularly those which aspire most for Statehood, cannot show a reasonable degree of financial viability, national security must also be taken into consideration. Himachal Pradesh, Manipur and Tripura have common borders with foreign countries and in recognition of this fact, border security has been made the special responsibility of the Administrators of these Territories. In considering demands

for Statehood, therefore, national security is hardly less important than financial viability.

#### **Recommendation No. 172 (902)**

While there is no aversion to the grant of Statehood to Himachal Pradesh or any other Territory, the need for viable and strong administrative units in the sensitive border areas cannot be ignored. While on the one hand, the people have legitimate political aspirations for full autonomy at the State level, on the other, the Central Government would be failing in its duty if it did not keep over-all national interests in mind. However, there is scope for the Central Government to indicate in precise terms what they expect of the Territories aspiring for Statehood before they can consider their demands. Obviously, financial viability will be the most important criterion in considering such demands. The state of economic development of the Territory, national security, population and area can be other such criteria. While population and area cannot in themselves be the sole criteria for grant of Statehood, they are of importance when considered in the context of the viability of the Territory as a whole. As financial viability is the most important factor, the Central Government must indicate in precise terms what they consider a reasonable level of viability for a particular Territory. Obviously, the level of viability indicated must be both reasonable and attainable within a reasonable period. Thereafter, it will be for the Administration of the Territory, which aspires for Statehood, to strive for the fulfilment of the conditions laid down. In fact, the Territory will then be on test. A clear enunciation of policy in this manner will help in curbing irresponsible demands of the nature that are being put forth to-day.

### **CHAPTER II**

#### *The Problems of Merger*

#### **Recommendation No. 173 (914, 920, 923 & 924)**

Even though the Central Government initially wanted to merge most of the Union Territories in the neighbouring States, subsequent developments have made this difficult. In Himachal Pradesh there is a strong demand for Statehood and the question of its merger now does not arise. The position is, more or less, similar in Manipur and Tripura. In Goa, Daman & Diu, Dadra & Nagar-Haveli and Chandigarh, although the neighbouring States seek the merger of these Territories on the basis of language affinities, implementation is proving to be difficult because of political rivalries. In the case of Delhi and the two Island Territories the question of merger does not arise.

Because of the peculiar dis-contiguous character of its four units, which are situated hundreds of miles apart, the administration of Pondicherry from a Central point causes an unnecessary strain on its Administration and excessive expenditure on overheads. In this context, in the first instance, Mahe and Yanam could be merged in Kerala and Andhra Pradesh respectively. Thereafter, the remaining units of Pondicherry and Karaikal could be merged with Madras.

While the merger of Dadra & Nagar-Haveli into the neighbouring States is uncertain, there may be some advantages in administering Daman, Diu, Dadra & Nagar-Haveli as one unit.

It may be worth mentioning that in the recent discussion in the Rajya Sabha on the non-official Resolution regarding Statehood for Himachal Pradesh, the Minister of State in the Ministry of Home Affairs stated as under :

"As the Hon. House knows, these Union territories were created because of the special circumstances obtaining in those areas like Goa, Pondicherry, Manipur, Tripura, NEFA, Himachal Pradesh, Nagar-Haveli, Dadra etc. Wherever we find that conditions do not exist which justify continuance of the Union territory, we shall not hesitate, even for a moment, either to merge it with the adjoining State or give it Statehood."

From this statement it can be inferred that Government is still prepared to consider merger as a possible solution for the future of Union Territories. Despite the apparent difficulties in the way of implementation of this policy, with patience and understanding, it should be possible to achieve the merger of some Territories at least. This step may also be justified in the case of Pondicherry.

### CHAPTER III

#### *Special Problems of Delhi*

##### **Recommendation No. 174 (950)**

Recognising the validity of the States Reorganisation Commission's recommendations, the Central Government in 1956 did away with the popular set-up in this Territory and resorted to direct Central administration. Despite this fact, definite steps have since been taken towards the revival of responsible government at the State level. In these circumstances, even though the validity of the recommendations of the States Reorganisation Commission and the obvious advantages of direct Central administration of the national capital are recognised, it is not possible to ignore the steps that have since been taken to introduce a popular set-up in this Territory. This set-up is only two years old and whatever its imperfections, it must in all fairness be given a reasonable trial before it is rejected in favour of a more suitable alternative. This does not, of course, preclude the introduction of improvements, which may make the set-up more suited to the peculiar needs of this Territory. If after a reasonable period of trial this experiment proves to be a failure, it may become necessary to think of either a return to direct Central administration or the devising of some other alternative better suited to the needs of the national capital.

##### **Recommendation No. 175 (951)**

In order to improve the short-comings of the present arrangements at the Centre for the administration of the Union Territory of Delhi, it has been suggested that responsibility for the administration of this Territory should be concentrated in a separate Minister for Delhi Affairs. He will be territorially responsible for the Union Territory and the totality of its administration. This will be achieved by a complete integration of the administration at the territorial level with the Department of Delhi Affairs. The Lt. Governor, in addition to his duties as an Administrator, will function as *ex-officio* Secretary to this Department. The Chief Secretary will,

similarly, function as *ex-officio* Joint Secretary. Other officers of the Delhi Administration will also be given suitable *ex-officio* status. Technical departments will become a part of the Department of Delhi-Affairs and, as a consequence, references on technical matters to subject matter Ministries will not be necessary. The Members of Parliament representing the Union Territory will together constitute a Policy Advisory Committee to be associated with the Minister for Delhi Affairs.

The main advantages claimed for this proposal are that the needs of the national capital will receive the undivided attention of an independent Department. Its effectiveness will not be retarded because of the constant need to consult other Ministries on matters relating to their respective spheres of responsibility.

Although there may be some advantage in the adoption of this proposal, the scheme is unlikely to be an improvement over the present system. For one thing, it will mean the abolition of the representative organs recently established in this Territory; for another thing, this proposal suffers from the same defects as the proposed Department of Union Territories.

#### **Recommendation No. 176 (955)**

The guiding principle which should govern the relations of the Central Government with the Delhi Administration is that in respect of "transferred" subjects, irrespective of the legal position, the Central Government must treat the Delhi Administration in a manner similar to any State Government, particularly in matters of day to day administration. It will be necessary to ensure that the Central Government does not assume the responsibilities of an appellate forum against the actions of the Delhi Administration in this field. In regard to "reserved" subjects, however, where the Central Government's responsibility is directly relatable to administration of the national capital, it will have to take a detailed interest in their administration. With this guiding principle in view, suggestions for improvement in the present set-up are given in Recommendation Nos. 177, 178, 179, 180, 181 & 182.

#### **Recommendation No. 177 (956)**

Admittedly, the Metropolitan Council is not similar to a Legislative Assembly in a State or Union Territory, but considering that it is representative in the same manner as any of these institutions, *by convention* it should be accorded the status of a Legislature. In practice this will mean :

- (a) The leader of the majority party must be called upon by the President to form the "Ministry" (Executive Council). The other Executive Councillors shall be appointed by the President on the advice of the Chief Executive Councillor.
- (b) In case the Executive Council loses the confidence of the Metropolitan Council, it shall be dismissed by the President.
- (c) Nominations to the Metropolitan Council shall be made in consultation with the Executive Council.
- (d) The recommendations of the Metropolitan Council in relation to legislation shall normally be accepted by the Central Government.

**Recommendation No. 178 (957)**

The provision in the Delhi Administration Act, 1966 which lays down that the Administrator shall preside at every meeting of the Executive Council except when he is prevented from doing so on account of illness or any other cause, may be amended. Instead, it may be provided that the Chief Executive Councillor shall preside at every meeting of the Executive Council, or in his absence any other Executive Councillor nominated by him shall so preside. This step will in no way jeopardise the interests of the Centre for : (a) the Executive Council is precluded from discussing and taking decisions in relation to reserved subjects, and (b) under the Delhi Administration (Business) Rules, a copy of the record of the decisions taken in the Executive Council is to be forwarded to the Administrator.

In every other respect also, the Chief Executive Councillor and Executive Councillors must be accorded the status of Chief Minister and Ministers of Union Territories respectively. This has particular reference to meetings convened by the Central Government in which the practice is to invite the Lt. Governor, who then authorizes the Chief Executive Councillor to attend on his behalf.

**Recommendation No. 179 (958)**

It must be recognized that in the peculiar circumstances of this Territory, some matters will have to be reserved for the Lt. Governor. However, the following subjects can easily be deleted from the list of subjects allotted to "Home", which is reserved :—

1. Magistrates—conferment/withdrawal of powers.
2. Criminal Courts—working and supervision of.
3. Mercy Petitions and death cases.
4. Civil Defence.
5. Obscene Literature.
6. Young Persons Harmful Publications Act.
7. Award of Medals.

**Recommendation No. 180 (959)**

The Metropolitan Council functions in a manner similar to a Legislature. Consequently, the correctives applied by a Legislature to the actions of the Government through the question hour and various types of motions are also applied by the Metropolitan Council to the actions of the Executive Council. In this respect, the Metropolitan Council is akin to a Legislature. Parliament may, therefore, *by convention* agree to treat the Metropolitan Council as a Legislature. In other words, any issue which can be taken up in the Metropolitan Council need not figure in Parliament. Matters of day to day administration in respect of which the Administrator has taken a decision with the assistance and advice of the Executive Council should not be raised in Parliament. Other matters in which the Administrator has acted in his discretion or with the approval of the Central Government or in which he has to act in that manner need not be covered by this convention.

**Recommendation No. 181 (1960)**

A complete review of all delegations—administrative, financial and statutory—should be undertaken with the objective of minimising references to the Central Government. The Administrator should be given maximum administrative and financial powers and also powers of the “State Government” under various laws, except where it is absolutely essential to retain those powers with the Central Government.

**Recommendation No. 182 (1961)**

A detailed review of the Delhi Administration (Business) Rules, 1966 should be undertaken so as to ensure that the internal work of the administration conforms to the above recommendations. The proposals made in respect of the Rules of Business of the Union Territories with Legislatures (paragraphs 244 to 251) can serve as a useful guide for this purpose.

**Recommendation No. 183 (1964-1965)**

The idea of the Mayor-in-Council set-up really originated when the Union Territory of Delhi was under direct Central administration and a powerful Municipal Corporation was created as a substitute for the popular set-up at the State level. In that context it was quite logical to take steps for the strengthening of the Corporation. Now that the Metropolitan Council and Executive Council have been created and function as the representative bodies in the Territory, it appears necessary to review the proposal relating to the Mayor-in-Council, otherwise this may lead to unnecessary discord between the Territorial Administration and the Municipal Corporation, more particularly when the former is now to be accorded the *de facto* status of a State Government in respect of transferred subjects.

It is accordingly recommended that before the Government proceed any further with the legislation regarding the Mayor-in-Council, they should undertake a thorough review of the whole question and its likely impact on the autonomy of the Territorial Administration.

There may, however, be no objection in proceeding with the constitution of statutory corporations for transport, bulk supply of electricity and water and sewage disposal.

Sd/- R. R. MORARKA  
*Chairman*

Sd/- M. N. NAGHNOOR  
*Member*

Sd/- L. C. JAIN  
*Member*

Sd/- A. D. PANDE  
*Member*

Sd/- D. J. MADAN  
*Member*

Sd/ R. N. CHOPRA  
*Secretary*

Dated the 16th September, 1968.



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## APPENDICES

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(305-306)



APPENDIX I  
LANDMARKS IN THE EVOLUTION OF UNION TERRITORIES AND NEFA

Name of Union Territory	Pre-Independence period	1950	1951	1954	1956	1961	1962	1963	1966
1	2	3	4	5	6	7	8	9	10
	1. Scheduled Districts Act, 1874.	Constitution of India	Govt. of Part C States Act, 1951.	1. Himachal Pradesh & Bilaspur (New State) Act, 1954	1. States Reorganisation Act, 1956.	1. Constitution (Tenth Amendment) Act, 1961	1. Constitution (Twelfth Amendment) Act, 1962.	Govt. of Union Territories Act, 1963.	1. Delhi Admn. Act, 1966.
	2. Govt. of India Act, 1919.			2. North East Frontier Areas (Admn.) Regulation, 1954.	2. Constitution (Seventh Amendment) Act, 1956.	2. Dadra and Nagar-Haveli Act, 1961.	2. Constitution (Fourteenth Amendment) Act 1962		2. Punjab Reorganisation Act, 1966.
	3. Govt. of India Act, 1935.			3. Liberation/ <i>De facto</i> transfer of new territories.	3. Territorial Councils, Act, 1956.	3. Liberation of new territory (Goa)	3. Goa, Daman and Diu (Admn) Act, 1962.		
	4. Indian Independence Act, 1947.						4. Pondicherry (Admn.) Act, 1962.		
Himachal Pradesh	21 Ex-princely States, which acquired "independence" under the Indian Independence Act, 1947; they acceded to the Dominion of India and were	Made into a Part C State under the Constitution. The Centre was made responsible for Administering the territory; Parliament was empowered to	Under the Govt. of Part C States Act, 1951, given a Legislature and Council of Ministers.	Under the Himachal Pradesh and Bilaspur (New State) Act, 1954. Bilaspur, a separate Part C State, was merged into Himachal Pradesh.	Under the States Reorganisation Act, 1956 and Constitution (Seventh Amendment) Act, 1956 Himachal Pradesh was constituted into an Union Territory.	—	Under Constitution (Fourteenth Amendment) Act, 1962 Parliament has been empowered to create a Legislature and Council of Ministers for	A Legislature and Council of Ministers has been created under the Govt. of Union Territories Act, 1963; simultaneously, the	As a result of the reorganisation of the Punjab, the hill areas have been merged into Himachal Pradesh under the provision

APPENDIX I—Contd.

Name of Union Territory	Pre-Independence Period	1950	1951	1954	1956	1961	1962	1963	1966
1	2	3	4	5	6	7	8	9	10
	formed into a separate centrally administered area.	create a Legislature and Council of Ministers for the territory.			Simultaneously the Government of Part C States, Act was repealed. Under the Territorial Councils Act, 1956 this territory was given a Territorial Council with powers over local affairs.		the territory.	Territorial Council has been abolished.	of the Punjab Reorganisation Act 1966. Simla, Kangra, Kulu-Lahaul & Spiti have been constituted as separate districts.
Manipur	An ex-princely State, which acquired "independence" status under the Indian Independence Act, 1947, it acceded to the Dominion of India and was made a centrally administered area.	Do.	Given a Council of Advisers under the Government of Part C States Act, 1951.	—	Do.	—	Do.	As in Himachal Pradesh, except that a Standing Committee of the Legislature for the Hill Areas was also created with specified Jurisdiction; all legislation on matters within its jurisdiction is to be referred to the Standing	—

									Committee & given due consideration by the Legislature.	
Tripura	Do.	Do.	Do.	—	Do.	—	Do.	As in Himachal Pradesh.		—
Goa, Daman & Diu.	Portuguese possessions in India.	—	—	—	—	Liberated by the Indian Army on 19-12-61 and placed under military administration.	Integrated with the Indian Union and constituted into an Union Territory under the Constitution (Twelfth Amendment) Act, 1962.	A Legislature and Council of Ministers have been created under the Govt. of Union Territories Act, 1963.		
							The Goa, Daman and Diu (Admn.) Act, 1962 was enacted to provide for representation in Parliament and for matters connected with its administration. Under the Constitution (Fourteenth Amendment) Act, 1962 Parliament has been empowered to create a Legislature & Council of Ministers for the Territory.			

APPENDIX 1—Contd.

Name of Union Territory	Pre-Independence Period	1950	1951	1954	1956	1961	1962	1963	1966
1	2	3	4	5	6	7	8	9	10
Pondicherry.	French possessions in India.	—	—	<i>De facto</i> agreement signed for transfer of possession to India	—	—	<i>De jure</i> possession was transferred to India; thereafter Pondicherry has been constituted into an Union Territory under the Constitution (Fourteenth Amendment) Act, 1962.  Parliament has been given powers to create a Legislature and Council of Ministers.  Pondicherry (Admn.) Act, 1962 has been enacted to provide for representation in Parliament and for matters connected with its administration.	Do.	—
Delhi	Was made the Capital of India	Do.	Under the Government of	—	Under the States Reorganisation	—	—	—	A Metropolitan Council and

and a Chief Commissioner's Province in 1912.

Part C States Act, 1951 given Legislature and Council of Ministers.

Unlike other Part C States legislative powers of the Legislature were subject to certain special limitations.

Act, 1956 and Constitution (Seventh Amendment) Act, 1956 Delhi has been constituted into an Union Territory.

an Executive Council have been created under the Delhi Administration Act, 1966.

Simultaneously the Govt. of Part C States Act was repealed, its administration becoming the direct responsibility of the President.

Andaman and Nicobar Islands.

A Chief Commissioner's Province from 1872 and a "Scheduled District" under the Scheduled Districts Act, 1874.

Under the Govt. of India Act, 1935, continued as a Chief Commissioner's Province; the Governor General was given special powers to make regulations, having

Made a Part D Territories under the Constitution.

The President was empowered to make regulations, having force and effect of an Act of Parliament.

Under the States Reorganisation Act, 1956 and Constitution (Seventh Amendment) Act, 1956 made an Union Territory.

Under new status also the President is empowered to make Regulations for the Territory.

APPENDIX I—Contd.

Name of Union Territory	Pre-Independence Period	1950	1951	1954	1956	1961	1962	1963	1966
1	2	3	4	5	6	7	8	9	10
	the effect of an Act of the Federal Legislature.								
Laccadive, Minicoy and Amindivi Islands.	The Amindivi Islands were part of South Kanara District and the Laccadive Islands including Minicoy were part of a Malabar District of Madras Province.  They were administered under the Scheduled Districts Act, 1874 and notified as a 'Backward Tract' under the Govt. of India Act, 1919 and an 'Excluded Area' under the Govt. of India Act, 1935, Central/Provincial Acts were applica-	Declared a 'Scheduled Area' under the Constitution, and were administered in accordance with the Fifth Schedule. The Governor of Madras was empowered to make regulations for the peace and good government of the territory.	—	—	Under the States Reorganisation Act, 1956 and Constitution (Seventh Amendment) Act, 1956 separated from Madras State and constituted into an Union Territory. President has been empowered to make regulations for the territory.	—	—	—	—



	able only under notifications by the Governor.	—	—		—		—	—	—
Dadra and Nagar Haveli.	Portuguese posses- sions in India.	—	—	Liberated by the people and became Free Dadra & Nagar Haveli. A provisional Ad- ministration was set-up by the people.	—	Under the Cons- titution (Tenth Amendment ) Act, 1961 it was inte- grated with the Indian Union & con- stituted into an Union Te- rritory. The President has been empow- ered to make regulations for the territory.	—	—	—
						The Dadra and Nagar-Haveli Act, 1961 was enacted to provide for representation in Parliament and for its administra- tion.	—	—	—
Chandi- garh.		—	—	—	—	—	—	—	As a conse- quence of the reorganisation of the Pun- jab, under the Punjab Reorganisa- tion Act, 1966,

**APPENDIX I—Concl.**

Name of Union Territory	Pre- Independence Period	1950	1951	1954	1956	1961	1962	1963	1966
1	2	3	4	5	6	7	8	9	10
NEFA	A part of Assam Province, which was administered under the Scheduled Districts Act, 1874. It was subsequently notified as a "Backward Tract" under the Govt. of India Act, 1919 and as an 'Excluded Area' under the Govt. of India, Act, 1935. Central/	Under paragraph 18(2) of the Sixth Schedule of the Constitution the administration of the area is a direct responsibility of the President acting through the Governor of Assam. The President is empowered to make regulations as in the	—	Formally came into existence as the North East Frontier Agency under the North East Frontier Areas (Administration) Regulation, 1954, by combining the Balipara Frontier Tract, Tirap Frontier Tract, Abor Hills District, Mishmi Hills District,		—	—	—	Chandigarh has been constituted into an Union Territory. Under that Act, the Centre is empowered to extend by notification any State law to the territory.

Provincial Acts, case of the  
were applic- Union Territo-  
able only under ries specified  
notification by in Article 240.  
the Governor.

and the Naga  
Tribal Area  
(name changed  
to Tuensang  
Frontier Divi-  
sion).

In 1957, the  
Tuensang Fron-  
tier Division  
was separated  
from NEFA  
and merged into  
Naga Hill Dis-  
trict of Assam,  
to form a  
separate admi-  
nistrative unit,  
which in 1962,  
became the  
new State of  
Nagaland.

## APPENDIX II

### Extracts from the Government of India (Allocation of Business) Rules, 1961

#### MINISTRY OF HOME AFFAIRS

##### PART I—*Union Subjects*

The following subjects which are relatable to specific provisions contained in the Constitution of India or fall within the scope of matters enumerated in List I of the Seventh Schedule thereto :—

- .. .. .
12. Appointment of Lt.-Governors, Chief Commissioners, Judicial Commissioners and of Administrative and Judicial Officers in Union Territories.
13. Regulations applicable to the Andaman, Nicobar, Laccadive, Minicoy and Amindivi Islands.
- .. .. .
- 14A. The Administration of the North East Frontier Agency areas, (*i.e.*, tribal areas of Assam specified in Part B of the table appended to para 20 of the Sixth Schedule to the Constitution) excluding administrative control over the execution of road works in those areas.
- 14B. Assam Rifles.
- .. .. .
- 50A. Indian Frontier Administrative Service.

##### PART III—*Additional subjects with regard to Union Territories*

- (i) For the Union Territories of Delhi, Himachal Pradesh, Manipur, Tripura, Pondicherry, Goa, Daman and Diu, Dadra and Nagar Haveli, and Chandigarh.

- (a) *The following subjects which fall within the scope of matters enumerated in List II of the Seventh Schedule to the Constitution of India :—*

106. Public order (but not including the use of the naval military or our forces of the Union in aid of the Civil power).
107. Police including railway and village police.
108. Administration of justice, constitution and organisation of courts and fees taken therein.
109. Prisons, reformatories, Borstal institutions and other institutions of a like nature and persons detained therein; arrangements with other States for the use of prisons and other institutions.
110. Constitution and powers of Delhi Municipal Corporation and the New Delhi Municipal Committee.
111. . . . .
112. Delhi Fire Service.
113. . . . .
114. Betting and gambling.
115. General questions relating to public services.
116. Court Fees and Stamp duties in the Union Territories.

117. Offences against laws with respect to any of the matters in List II of the Seventh Schedule to the Constitution.
118. Jurisdiction and powers of courts with respect to any of the matters in List II of the Seventh Schedule to the Constitution.
119. Fees in respect of any of the matters in List II of the Seventh Schedule to the Constitution but not including fees taken in any Court.
120. Extension of State Acts to the Union Territories.
121. Inquiries and statistics for the purpose of any of the matters in List II of the Seventh Schedule to the Constitution.
122. General questions relating to administration on subjects other than those dealt with in other departments.
- (b) All matters enumerated in Part II (annexed)
- (ii) For the Union Territory of Andaman and Nicobar Islands.
  123. All matters except :—
    - (a) Forests, education, road and bridge works and ferries thereon; and
    - (b) Organisation and maintenance of mainland-islands and inter-island shipping services.
- (iii) For the Union Territories of Laccadive, Minicoy and Amindivi Islands.
  124. All matters relating to these islands except organisation and maintenance of mainland-islands and inter-island shipping services.

#### PART II—Concurrent Subjects

*The following subjects which fall within the scope of matters enumerated in List III of the Seventh Schedule to the Constitution of India (as regards legislation only):—*

100. Criminal law.
101. Criminal procedure.
102. Preventive detention for reasons connected with the security of a State, the maintenance of public order, or the maintenance of supplies and services essential to the community; persons subjected to such detention.
103. Removal from one State to another State of prisoners, accused persons and persons subjected to preventive detention for reasons specified in entry 102 above.
104. Vital statistics including registration of births and deaths.
105. Newspapers, books and printing presses.

**APPENDIX III**  
**ADMINISTRATIVE SET-UP IN UNION TERRITORIES**  
**AND N.E.F.A.**

(ADMINISTRATORS AND SECRETARIES)

Sl. No.	Name of the Union Territory	Designation	Pay/Pay Scale*	Cadre	Remarks
1	2	3	4	5	6
			(Rs.)		
1.	Andaman & Nicobar Islands	Chief Commissioner	2500—2750	Not applicable.	The present incumbent is an officer of the I.A.S.
		Chief Secretary	900—1800+200 Special Pay.	Union Territories Cadre of IAS.	This post is equivalent to a Joint Secretary in the Centre.
		Secretary, Finance, to the Chief Commissioner.	900—1800+150 Special Pay.	Do.	These posts are lower in status, but comparable to Under Secretaries in the Centre.
		Secretary, Judicial, to the Chief Commissioner.	700—1250	State Judicial Service Officer on Deputation.	
		<i>Ex-officio Secretaries</i>			
		Development Commissioner-cum-Development Secretary.	900—1800+150 Special Pay.	Union Territories cadre of I.A.S.	
		Chief Conservator of Forests and <i>ex-officio</i> Secretary, Forest Department.	2000—125—2250	Union Territories cadre of the Indian Forests Service.	

2.	Chandigarh	Chief Commissioner	3500/- fixed.	Not applicable.	Present incumbent is an officer of the I.C.S. of the status of an additional Secretary in the Centre.
		Secretary, Home	900—1800+200 Pay.	Special Union Territories cadre of the I.A.S.	Both posts are equal in status of I. A. S. Under Secretaries in the Centre.
		Finance Secretary	900—1800+200 Pay.	Special Union Territories cadre of the I.A.S.	
		<i>Ex-officio Secretaries</i>			
		Chief Engineer, Capital Projects and <i>ex-officio</i> Secretary, Engineering Department.	2000—2250	Not applicable.	
		Chief Architect and <i>ex-officio</i> Secretary, Architecture Department.	2000—2250	Do.	
3.	Delhi	Lt. Governor	3000 plus various perquisites.	Not applicable.	The present incumbent is a retired officer of the I.C.S. of the status of a Secretary in the Centre.
		Chief Secretary	2500—2750	Union Territories cadre of I.A.S.	This post is equal to a Joint Secretary in the Centre.
		Secretary, Finance and Planning.	900—1800+300 Pay.	Special Do.	This post is equal in status to a Deputy Secretary in the Centre.

\*For perquisites of the Administrators see the Annexure to this Appendix.

# APPENDIX III—Contd.

1	2	3	4	5	6
	Secretary, Judicial	Grade pay as Sessions Judge plus 200/- Special Pay+50/- Special Pay as Chief Electoral Officer.	Not applicable.		These posts are equal in status to I.A.S. Under Secretaries in the Centre.
	Secretary, Medical and Public Health.	900—1800+200 Pay.	Special Union Territories cadre of I.A.S.		
	<i>Ex-officio Secretaries</i>				
	Director of Vigilance and <i>ex-officio</i> Secretary, Industry and Labour and Vigilance.	900—1800+300 Pay.	Special Union Territories cadre of I.A.S.		These posts are equal in status to Deputy Secretaries in the Centre.
	Deputy Commissioner and <i>ex-officio</i> Secretary Revenue.	Do.	Do.		
	Development Commissioner and <i>ex-officio</i> Secretary Development.	Do.	Do.		
	Chief Controller of Rationing and <i>ex-officio</i> Secretary, Food and Civil Supplies.	Do.	Do.		
	Director of Education and <i>ex-officio</i> Secretary, Education.	1100—1800	Not applicable.		
	Deputy Housing Commissioner II and <i>ex-officio</i> Secretary, Local Self-Government.	900—1800+200 Pay.	Special Union Territoriescadre of I.A.S.		



	Deputy Housing Commissioner I, and <i>ex-officio</i> Secretary, Land and Building.	Do.	Do.	} These posts are equal in status to I.A.S. Under Secretaries in the Centre.	
	Director of Industries and <i>ex-officio</i> Secretary, Electrical.	Do.	Do.		
Goa, Daman & Diu	Lt. Governor	3000 plus various perquisites.	Not applicable.	The present incumbent is an officer of the I.C.S. of the status of a Secretary in the Centre.	
	Chief Secretary	1800—2000	Union Territories cadre of I.A.S.	The present incumbent draws pay in the scale of Rs. 2500/-—Rs. 2750/-; the status of this post is, however, equal to that of a Director.	
	Secretary, Planning— <i>cum</i> —Development Commissioner.	900—1800 + 300 Pay.	Special	Do.	} This post is equal in status to a Deputy Secretary in the Centre.
	Finance Secretary.	900—1800 + 200 Pay.	Special	Do.	
	Secretary, Industries and Labour.	Do.		Do.	} These posts are equal in status to I.A.S. Under Secretaries in the Centre.
	Secretary to Lt. Governor.	Do.		Do.	
	Law Secretary.	1100—1600		Not applicable.	
	Secretary, Revenue.	700—1250		Do.	

**APPENDIX III—Contd.**

1	2	3	4	5	6
		<i>Ex-officio Additional Secretaries</i>			
		Chief Electrical Engineer and <i>ex-officio</i> Additional Secretary, Industries and Labour.	1300—1800	Not applicable.	
		Director of PWD and <i>ex-officio</i> Secretary, P.W.D. (Development "B" Department).	1300—1600	Not applicable.	
		Director of Education and <i>ex-officio</i> Education Secretary.	1100—1800	Do.	
5.	Himachal Pradesh	Lt. Governor	3000/- plus various perquisites.	Do.	Present incumbent is a retired Lt. General of the Indian Army.
		Chief Secretary	2500—2750	Union Territories cadre of I.A.S.	This post is equal in status to a Joint Secretary in the Centre.
		Finance Secretary	900—1100+200 Special Pay.	Do.	This post is equal in status to a I.A.S. Under Secretary in the Centre.
		Judicial Secretary	900—1800 (For Sessions Judge)/900—1250 (for others) +200/- Special Pay.	Not applicable.	These posts are equal in status to Under Secretaries in the Centre.

Secretary of Lt. Governor	900—1800+200	Special	Union Territories } cadre of I.A.S. }
	Pay.		

*Ex-officio Secretaries*

Finance Commissioner and <i>ex-officio</i> Secretary, Revenue.	2500—2750		Do.	As in the case of the Chief Secretary.
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Development Commissioner and <i>ex-officio</i> Secretary, Planning.	900—1800+300	Special	Do. }	These posts are equal in status to Deputy Secretaries in the Centre.
Land Reforms Commissioner and <i>ex-officio</i> Secretary, Excise and Taxation.	900—1800+300	Special	Do. }	

Director of Industries and <i>ex-officio</i> Secretary, In- dustries.	900—1800+150	Special	Do.	This post is lower in status but com- parable to an Under Secretary in the Centre.
	Pay.			

Chief Engineer (South) and <i>ex-officio</i> Secretary, P.W.D.	1800—2000		C.P.W.D. cadre.	
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Chief Engineer, Multipur- pose Projects and Power and <i>ex-officio</i> Secretary, Multipurpose Projects and Power.	2000—2250/2000 fixed.		C.P.W.D. cadre.	
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Director of Health Services and <i>ex-officio</i> Secretary, Medical and Public Health.	1300—1800		Central Health Services.	
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Chief Conservator of Forest and <i>ex-officio</i> Secretary, Forests.	2000—2250		Union Territories cadre of the Indian Forest Service.	
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**APPENDIX III—Contd.**

1	2	3	4	5	6
6.	Laccadive, Minicoy & Amin-divi Islands.	Administrator	900—1800+300 Pay.	Special Union Territories cadre of I.A.S.	This post is equal in status to a Deputy Secretary in the Centre. The present incumbent is, however, in receipt of pay in the scale of Rs. 1800—2000 (Director).
		<i>Ex-officio Secretary</i>			
		Development Commissioner and <i>ex-officio</i> Secretary, Development.	700—1250	Not applicable.	This post is comparable in status to an Under Secretary in the Centre.
7.	Manipur . . . .	Chief Commissioner	2500—2750	Do.	The present incumbent is an officer of the I.A.S.
					This post is equal in status to a Joint Secretary in the Centre.
		Chief Secretary	900—1800+300 Pay.	Special Union Territories cadre of I.A.S.	This post is equal in status to a Deputy Secretary in the Centre.
		Finance Secretary	900—1800+200 Pay.	Special	Do.
		Development Secretary	Do.		Do.
		Secretary, Education	Do.		Do.
		Secretary, Medical	Do.		Do.
		Law Secretary	620—1300+100 Pay.	Special	Not applicable.

These posts are equal in status to I.A.S. Under Secretaries in the Centre.

8.	North East Frontier Agency .	Adviser to the Governor of Assam.	2750		Deputation post for officers from ICS/IAS/IFAS.	The present incumbent is from the IFAS.
		Financial Adviser	1600—1800		Deputation post	The status of this post is comparable to a Joint Secretary in the Centre.
		Judicial Officer	900—1800		Do.	
		Secretary, General Administration.	900—1800+150 Pay.	Special	I. F. A. S.	
		Secretary, Home	Do.		Do.	
		Secretary, Supply & Transport.	Do.		Do.	
		Secretary, Planning and Development.	Do.		Do.	
9.	Pondicherry . . .	Lt. Governor	3,000 plus perquisites.	various	Not applicable.	The present incumbent is the Ex-Speaker of the Legislative Assembly of the erstwhile State of Bombay.
		Chief Secretary	900—1800+300 Pay.	Special	Union Territories cadre of I.A.S.	This post is equal in status to a Deputy Secretary in the Centre.
		Finance Secretary	900—1800+200 Pay.	Special	Do.	These posts are equal in status to I.A.S. Under Secretaries in the Centre.
		Secretary, Health, Education and Welfare Department.	Do.		Do.	

**APPENDIX III—Contd.**

1	2	3	4	5	6
		*Secretary to Lt. Governor Secretary, Revenue and Development Department.	900—1800+200 Special Pay. Do.	Union Territories Cadre of I.A.S. Do.	*Holds charge of the Local Administration Department also.
		Law & Labour Secretary	Pay of a Sessions Judge of a State Govern- ment, or grade pay as admissible under Cen- tral Legal Service, plus deputation allowance, depending on whether the officer is drawn from a State Government, or the Central Legal Service respectively.	Not applicable	The post has generally been held by a Dis- trict and Sessions Judge of the neigh- bouring State of Madras or a Deputy Legal Adviser to the Government of India. The present incum- bent is an Assistant Legal Adviser (Grade II) of the Central Legal Service (pay Rs. 1600—100—2000).
10.	Tripura . . . .	Chief Commissioner	No prescribed scale.	Not applicable.	The present incumbent is an officer of the IFAS.
		Chief Secretary	900—1800+300 Special Pay.	Union Territories cadre of IAS.	This post is equal in status to a Deputy Secretary in the Centre.
		Finance Secretary	900—1800+200 Special Pay.	Do.	This post is equal in status to an I.A.S. Under Secretary in the Centre.

Judicial Secretary	625—1350+100	Special	Not applicable.
	Pay.		

*Ex-officio Secretaries*

Development Commissioner and <i>ex-officio</i> Secretary, Planning.	900—1800+200	Special	Union Territories cadre of I.A.S.
	Pay.		

Director of Rehabilitation and <i>ex-officio</i> , Secretary Rehabilitation.	Do.	Do.
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Principal Engineer, and <i>ex-officio</i> Secretary, P.W.D.	1500—1800	Not applicable.
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Director of Education & <i>ex-officio</i> Secretary, Edu- cation.	625—1350	Do.
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Director of Health Services, and <i>ex-officio</i> Secretary. Medical and Public Health.	600—1300+50% of the Basic Pay as non- practising allowance subject to a maxi- mum of Rs. 600/-.	Central Health Services.
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} These posts are equal  
in status to IAS  
Under Secretaries in  
the Centre.

**ANNEXURE TO APPENDIX III  
PERQUISITES OF ADMINISTRATORS**

Administrator	Sump- tuary Allowance	Accommodation	Conveyance	Travelling Allowance	Medical facilities	Miscellaneous
1	2	3	4	5	6	7
Lt. Governor, Delhi.	Rs. 500/-	Free furnished house and grounds including cutlery, crockery, fittings, water and electricity.	Free use and maintenance of two cars and one jeep including pay of drivers.	As Secretary to the Govt. of India but daily allowance limited to Rs. 15/- per diem.	Free for himself and his family as for an all India Service Officer.	(i) Actual travel expenses for self, family and personal effects subject to maximum admissible for a Grade I Officer for self and family on vacating office to place of ordinary residence.  (ii) Wife entitled to travel in rail compartment requisitioned for official journey.
Lt. Governor, Himachal Pradesh	Rs. 750/-	Do.	Free use and maintenance of two cars, one jeep, station wagon, one rickshaw and one horse, including pay of drivers, coolies, syce, etc.	As for a Secretary to the Govt. of India, but daily allowance limited to Rs. 15/- per diem.	Do.	(i) Do.  (ii) Do.
Lt. Governor, Goa.	Rs. 500/-	Do.	Free use and maintenance of two cars and one jeep including pay of drivers.	As for a Secretary to the Govt. of India.	Do.	(i) Wife entitled to travel in rail compartment requisitioned for official journey.



						(ii) Reimbursement of actual (return) air fare between Goa and Bombay and Diu in respect of his wife accompanying him on official tours.
Lt. Governor, Pondicherry.	Rs. 750/-	Do.	Do.	Do.	Do.	(i) Outfit allowance of Rs. 1,250/-.
						(ii) Actual travel expenses for self, family and personal effects subject to maximum admissible for a Grade I officer on assuming charge of his office and vacating office to place of ordinary residence.
Chief Commissioner, Manipur.	Rs. 200/-	Free unfurnished house; expenditure on garden and grounds in excess of 1½ % of his pay to be borne by Government.	—	As admissible under the rules for officer of equal status.	As admissible under the Rules applicable to officer of I.A.S./I.F.A.S.	—
Chief Commissioner, Tripura.	Rs. 200/-	Do.	—	Do.	Do.	—
Chief Commissioner, Chandigarh.	—	—	—	As admissible under the rules for officer of equal status.	As admissible under the Rules applicable to officer of ICS/IAS/IFAS.	—

ANNEXURE TO APPENDIX III—Contd.

1	2	3	4	5	6	7
Chief Commissioner, Andaman & Nicobar Islands.	—	Free accommodation	—	As admissible under the rules for officer of equal status.	As admissible under the Rules applicable to officer of ICS/IAS/IFAS	(i) In addition to pay, given in Andaman as Special Pay +33½% of basic pay subject to a maximum of Rs. 350/- p.m.  (ii) Free sea passage for self and family once a year while proceeding to and returning from leave.
Administrator, Laccadive, Minicoy and Amindivi Islands.	—	Free unfurnished accommodation.		Do.	Do.	(i) Special pay at Rs. 300/- p.m.  (ii) Island special pay +40% of the basic pay provided that pay, special pay and Island special pay, all together should not exceed Rs. 2,250/- p.m.  (iii) As in (ii) for Chief Commissioner, Andaman and Nicobar Islands.

# APPENDIX IV

## Government Employees in the States and the Union Territories as a percentage of their Populations

Name of State or Union Territory	*No. of Govt. employees (March 1967)	†Population (1st March 1966)	Percentage (Columns 2 to 3)
1	2	3	4
(In thousands)			
1. Andhra Pradesh . . . . .	230.4	39,602	0.6
2. Assam . . . . .	104.9	13,711	0.8
3. Bihar . . . . .	206.6	52,063	0.4
4. Gujarat . . . . .	124.8	23,619	0.5
5. Haryana . . . . .	85.9	8,839	1.0
6. Kerala . . . . .	162.3	19,137	0.8
7. Madhya Pradesh . . . . .	402.3	36,624	1.1
8. Madras . . . . .	302.5	36,640	0.8
9. Maharashtra . . . . .	344.4	44,931	0.8
10. Mysore . . . . .	229.5	26,463	0.9
11. Orissa . . . . .	188.9	19,587	1.0
12. Punjab . . . . .	176.2	12,966	1.4
13. Rajasthan . . . . .	207.4	23,257	0.9
14. Uttar Pradesh . . . . .	510.6	82,364	0.6
15. West Bengal . . . . .	247.3	39,945	0.6
TOTAL . . . . .	3,524.0	479,748	0.7
Union Territories			
1. Andaman and Nicobar Islands . . . . .	5.3**@	78	6.8
2. Chandigarh . . . . .	9.4	140	6.7
3. Dadra and Nagar Haveli . . . . .	0.9**	65	1.4
4. Delhi . . . . .	40.9	3,408	1.2
5. Goa, Daman and Diu . . . . .	12.97**	659	2.0
6. Himachal Pradesh . . . . .	86.7	3,220	2.7
7. L. M. & A. Islands . . . . .	1.2**	26	4.6
8. Manipur . . . . .	18.8	941	2.0
9. N.E.F.A. . . . .	5.96**	366	1.6
10. Pondicherry . . . . .	9.1	407	2.2
11. Tripura . . . . .	23.9	1,326	1.8
TOTAL . . . . .	215.2	10,635	2.0

\*Source—Employment Review 1966-67, Directorate General of Employment and Training, Ministry of Labour, Employment and Rehabilitation, New Delhi.

\*\*Source—Administrations concerned.

@Does not include 11335 industrial workers.

†Source—Registrar General of India, Ministry of Home Affairs, (Figures compiled for the Expert Committee on Population Projections appointed by the Planning Commission).

NOTE.—The populations of Jammu and Kashmir and Nagaland have been included because information regarding the number of government employees in these States is not available.

**APPENDIX V**  
**REVENUE AND EXPENDITURE OF UNION TERRITORIES DURING 1966-67 to 1968-69**

(In lakhs of Rupees)

Name of Union Territory	1966-67 (Actuals)		1967-68 (Revised Estimates)		1968-69 (Budget Estimates)		
	Receipts	Expenditure	Receipts	Expenditure	Receipts	Expenditure	Percent- age of Expenditure to Revenue
1	2	3	4	5	6	7	8
Delhi . . . . .	2,866·14	5,957·74	3,295·02	6,481·78	3,630·38	7,020·91	193·4
Himachal Pradesh . . . . .	1,066·18	4,036·54	1,456·44	7,008·63	1,443·38	7,595·52	526·2
Goa, Daman and Diu . . . . .	421·53	1,405·15	469·66	2,039·83	536·50	2,202·06	410·4
Tripura . . . . .	108·60	1,659·57	169·99	2,229·22	140·32	2,224·70	1,584·9
Manipur . . . . .	114·25	1,255·94	165·66	1,640·05	215·48	1,804·60	837·5
Pondicherry . . . . .	242·50	599·01	269·47	683·44	293·54	775·02	264·0
A. & N. Islands . . . . .	105·34	863·72	222·92	908·87	248·75	1,045·68	420·4
L. M. & A. Islands . . . . .	5·62	147·05	3·67	148·86	3·50	180·70	5,162·9
Dadra and Nagar Haveli . . . . .	14·51	66·33	16·13	87·01	15·97	102·73	642·1
Chandigarh . . . . .	84·91	*476·30	385·12	809·41	460·91	906·64	196·7
N.E.F.A. . . . .	10·91	2,118·18	105·84	2,635·62	107·47	2,869·56	2,670·1
<b>TOTAL . . . . .</b>	<b>5,040·49</b>	<b>18,675·53</b>	<b>6,559·92</b>	<b>24,672·72</b>	<b>7,096·20</b>	<b>26,728·12</b>	<b>376·5</b>

\*Excludes loan expenditure for which figures are not available.

# APPENDIX VI

## Central Assistance as a Percentage of Total Revenues of all States and Union Territories

(In percentages)

	1964-65	1965-66	1966-67	1967-68	1968-69
				(RE)	(BE)
<i>States :</i>					
1. Andhra Pradesh . . . . .	30.4	30.4	32.0	31.0	28.1
2. Assam . . . . .	49.8	54.2	60.9	64.3	63.1
3. Bihar . . . . .	35.3	38.3	31.1	26.2	26.7
4. Gujarat . . . . .	28.2	31.1	23.2	23.8	25.0
5. Haryana . . . . .	..	..	31.0	20.6	19.8
6. Jammu & Kashmir . . . . .	44.8	49.1	53.6	46.3	42.2
7. Kerala . . . . .	29.3	32.1	33.8	34.3	32.8
8. Madhya Pradesh . . . . .	33.2	31.5	31.0	33.4	30.1
9. Madras . . . . .	25.0	25.7	27.8	27.1	25.0
10. Maharashtra . . . . .	23.5	24.4	26.6	26.1	25.6
11. Mysore . . . . .	27.3	26.9	28.0	29.1	26.2
12. Nagaland . . . . .	95.6	94.9	94.0	94.3	94.1
13. Orissa . . . . .	45.7	41.8	54.6	50.2	45.3
14. Punjab . . . . .	21.4	24.9	17.1	19.7	18.8
15. Rajasthan . . . . .	37.5	32.0	40.2	43.3	39.3
16. Uttar Pradesh . . . . .	29.9	29.5	33.5	34.1	32.7
17. West Bengal . . . . .	27.4	27.8	28.8	30.8	29.1
<i>Union Territories :</i>					
1. Himachal Pradesh . . . . .	31.9	52.0	38.4	59.6	62.9
2. Goa, Daman and Diu . . . . .	61.6	38.7	47.9	52.8	49.2
3. Pondicherry . . . . .	43.4	47.9	26.7	46.9	45.3
4. Manipur . . . . .	78.9	88.0	87.9	85.6	81.5
5. Tripura . . . . .	84.8	87.1	87.6	89.9	89.1

*N.B.*—In the case of the States, Central assistance includes share in the devisable part of taxes/duties; in the case of Union Territories it only includes grants-in-aid.

## APPENDIX VII

### *Per Capita Tax Revenues in all States and Union Territories*

#### PART A

	1964-65	1965-66	1966-67	1967-68	1968-69
(In Rupees)					
<i>States :</i>					
1. Andhra Pradesh . . . . .	16.8	18.2	18.3	19.2	21.8
2. Assam . . . . .	11.2	13.2	15.5	18.5	19.0
3. Bihar . . . . .	9.2	10.4	10.8	11.8	12.8
4. Gujarat . . . . .	20.0	21.4	25.5	28.3	32.4
5. Kerala . . . . .	17.2	18.8	23.5	27.4	29.0
6. Madhya Pradesh . . . . .	12.7	13.3	14.5	17.9	20.2
7. Madras . . . . .	19.5	22.2	26.0	29.9	32.9
8. Maharashtra . . . . .	24.6	27.0	33.7	38.0	42.2
9. Mysore . . . . .	15.6	16.8	19.9	23.6	27.7
10. Orissa . . . . .	9.6	10.0	10.7	12.8	14.0
11. Punjab . . . . .	23.4	25.4	40.8	35.3	37.1
12. Rajasthan . . . . .	13.8	19.3	16.6	19.6	21.3
13. Uttar Pradesh . . . . .	9.7	11.4	12.4	13.0	14.2
14. West Bengal . . . . .	20.3	23.1	24.6	25.0	27.5
15. Jammu & Kashmir . . . . .	8.3	8.3	9.9	18.3	14.5
16. Nagaland . . . . .	1.8	3.5	4.0	3.8	4.3
17. Haryana . . . . .	..	..	9.4	28.9	30.7

#### *Union Territories :*

1. Delhi . . . . .	70.8	82.0	99.0	110.0	122.0
2. Himachal Pradesh . . . . .	7.5	8.3	8.5	13.0	13.4
3. Goa, Daman and Diu . . . . .	15.2	36.0	38.0	38.7	42.5
4. Pondicherry . . . . .	29.3	29.8	36.1	36.2	41.1
5. Manipur . . . . .	4.4	5.0	6.1	10.0	12.7
6. Tripura . . . . .	3.2	4.2	4.1	.5	4.6
7. Andaman and Nicobar Islands . . . . .	3.5	8.0	10.5	20.8	20.8
8. Laccadive, Minicoy and Amindivi Islands . . . . .	..	1.5	1.4	0.5	0.4
9. Dadra & Nagar Haveli . . . . .	0.5	9.8	10.8	11.9	11.8
10. Chandigarh . . . . .	..	..	46.8	132.2	132.5
11. NEFA . . . . .	0.11	0.15	0.16	0.18	0.18

### *Per Capita Domestic Revenues in all States and Union Territories*

#### PART B

#### *States :*

1. Andhra Pradesh . . . . .	25.0	26.6	29.3	33.1	36.1
2. Assam . . . . .	20.6	20.9	21.3	22.6	23.4
3. Bihar . . . . .	13.7	15.0	17.6	22.1	22.8

## APPENDIX VII—contd.

	1964-65	1965-66	1966-67	1967-68	1968-69
	(In Rupees)				
4. Gujarat . . . . .	31.2	34.9	43.8	48.2	51.8
5. Kerala . . . . .	29.6	28.9	37.2	42.8	45.5
6. Madhya Pradesh . . . . .	20.0	22.8	25.8	30.0	33.0
7. Madras . . . . .	31.3	34.8	38.0	45.0	50.4
8. Maharashtra . . . . .	34.2	37.9	44.1	50.6	55.8
9. Mysore . . . . .	30.2	33.0	42.2	46.9	53.8
10. Orissa . . . . .	20.7	23.7	24.6	29.5	34.2
11. Punjab . . . . .	44.1	43.0	74.0	63.8	69.1
12. Rajasthan . . . . .	19.6	28.0	24.6	30.7	33.0
13. Uttar Pradesh . . . . .	19.8	22.4	24.1	26.3	28.8
14. West Bengal . . . . .	25.4	30.4	32.7	34.5	37.7
15. Jammu and Kashmir . . . . .	38.2	42.4	59.2	68.5	74.8
16. Nagaland . . . . .	10.5	14.2	22.0	24.3	27.3
17. Haryana . . . . .	..	..	18.8	55.4	61.2
<i>Union Territories :</i>					
1. Delhi . . . . .	77.8	88.6	107.8	123.9	136.5
2. Himachal Pradesh . . . . .	53.7	59.0	37.9	48.2	51.3
3. Goa, Daman and Diu . . . . .	44.5	63.6	67.2	74.9	85.6
4. Tripura . . . . .	11.5	10.4	9.5	14.9	12.3
5. Manipur . . . . .	11.5	11.4	14.6	21.2	27.6
6. Pondicherry . . . . .	50.1	53.1	84.4	68.5	79.5
7. Andaman and Nicobar Islands . . . . .	312.6	261.4	273.0	348.0	388.0
8. Laccadives . . . . .	..	5.1	23.4	15.3	14.6
9. Dadra and Nagar Haveli . . . . .	22.4	22.3	25.0	27.8	27.5
10. Chandigarh . . . . .	..	..	70.8	320.9	348.0
11. NEFA . . . . .	23.8	24.7	25.3	31.4	31.8

## APPENDIX VIII

### EXTRACTS FROM HUNDRED AND FORTY SECOND REPORT OF ESTIMATES COMMITTEE 1960-61 SECOND LOK SABHA

#### III. Replies of the Government which have been accepted by the Committee

Sl. No. as in Appendix XX to the Report	Reference to para No. of the Report	Summary of recommendation/ conclusion	Reply of the Government
1	2	3	4
2	7*	The Committee are of the view that the Ministry of Home Affairs, with its enormous responsibilities, such as, law and order, public services, Zonal Councils, matters relating to High Courts and Supreme Court etc. may not be able to devote the special attention and care that the Union Territories require. In order to ensure this and also to see that the above principles are fully observed, the Committee suggest that it would be desirable to place the subject "Administration of Union Territories" in charge of a separate Minister. With the staff already looking after the work relating to Union Territories and with the assistance of the various specialised Ministries at the Centre, he would be able to devote his entire attention to the speedy development of these areas.	The suggestion made by the Estimates Committee has been considered carefully. The nature of the responsibilities relating to the Administration of Union Territories is such that these responsibilities have to be shared by the Minister in charge of the territories with the other Central Ministers. Even if a separate Ministry is constituted to deal with the Union Territories it cannot operate to the exclusion of the other concerned Ministries without duplication of expert agencies available to these Ministries. Such duplication will not only be uneconomic but is also not likely to lead to greater efficiency. The Ministry of Home Affairs, which is now the Ministry in overall charge of the Union Territories, performs a two fold function concerning the administration of Union Territories, (a) it controls the major part of the area demand for each territory and (b) it coordinates policies and plans in respect of matters covered by the budget heads which are operated upon by the other Ministries. The establishment of a new Ministry will not dispense with the need of coordination or reference to and approval

\*Paragraph 7 of the Fifty-eighth Report of the Estimates Committee 1958-59—  
Second Lok Sabha.



APPENDIX VIII—*contd.*

1	2	3	4
			<p>of the other appropriate Ministries, nor will that Ministry be able to take over the responsibilities of the Ministry of Home Affairs in respect of important matters, such as, law and order, welfare of Scheduled Castes and Scheduled Tribes, etc. Quite apart from the economy aspect of the matter, it is felt that a new Ministry will neither be able to absorb the functions of the Ministry of Home Affairs nor will it be better placed from the point of view of coordination. It may, in fact, lead to overlapping and duplication with little ultimate improvement in the efficient administration of territories. The need, however, of concerted and special attention being paid to the problems to Union Territories and of providing effective coordination is fully recognised. The work relating to the Union Territories is now being handled in this Ministry at departmental level, an Additional Secretary being incharge of the Union Territories with whom is associated another senior Officer whose main responsibility is to assess the needs of the Administrations by on-the-spot examination of their problems. These arrangements should meet in substance the requirements which the Committee had in view in suggesting the appointment of a separate Minister for Union Territories.</p> <p>(Ministry of Home Affairs O.M. No. F. 8/2/59 A66, dated 31st May, 1960).</p>

## APPENDIX IX

### LIST OF FUNCTIONS PROPOSED FOR THE ADMINISTRATIVE REFORMS UNITS IN THE UNION TERRITORIES

1. To undertake a programme of planned reviews as a means of identifying areas where detailed studies are likely to prove significant and effective in bringing about improvements.
2. To undertake studies of organisation and methods of work in selected sectors with a view to improve administrative efficiency.
3. To assess staff requirements of different branches of administration.
4. To evolve work-norms for repetitive items of work.
5. On the basis of organisational analysis, to devise schemes of delegation of financial and cognate powers for :
  - administrative departments of the Government;
  - executive heads of departments;
  - field officers below the executive heads.
6. To organise the preparation of departmental manuals, handbooks, standing guard files etc. for the guidance of all concerned.
7. To design appropriate forms for submission of different kinds of proposals to ensure their completeness, facilitate their examination and expedite their disposal.
8. To undertake inspections and test-checks with a view to check on conformity with the prescribed rules and procedures and to devise measure for preventing slack in administration.
9. To service the Secretaries Committee on Administration.  
(Reproduced from Volume II—Study of Certain Aspects of Himachal Pradesh Administration—Appendix XXII).

# APPENDIX X

## PROPOSED DRILL FOR BUDGETING AND ANNUAL PLAN FORMULATION

	Due Date
1. Planning Department should issue preliminary guidelines to the administrative Departments for starting the preparation of the Annual Plan. Broadly, the Annual Plan should be on the basis of— (i) the phasing contemplated in the Five Year Plan; and (ii) the anticipated performance in the current year. (Departmental figures of performance of the first 9 months of the previous year will be available). These guidelines should be issued after obtaining the advice of the Finance Department on resources and trends of expenditure.	15th April
2. Administrative Departments should send this first exercise in preparing the draft plan to the Planning Commission.	15th May
3. Draft proposals should be discussed by the Planning Department with administrative Departments, Finance Department's representative being present. Tentative conclusions should be arrived at in regard to schemes to be included, outlays, physical targets etc.	1st June
4. On the basis of above conclusions, administrative Departments should send their budget proposal to the Finance Department.	New items } 1st July Other items } 15th July
5. Finance Department should discuss the proposals finalised by it with the Planning Department and those heads of departments, whose proposals may have undergone important changes.	New items 15th July
6. Finance Department should send proposals for New Items to Ministry of Home Affairs.	25th July
7. Finance Department should discuss budget proposals (excluding New Items) finalised by it with the Planning and other Departments as at (5) above.	15th August
8. Guidelines of Planning Commission for preparation of Annual Plan are received.	1st August
9. Centre's tentative decision in regard to New items proposals are received.	7th September
10. Planning Department should finalise Annual Plan and send it to the Planning Commission, the Ministry of Home Affairs and other ministries concerned.	20th September
11. Annual Plan should be discussed with the Planning Commission and the Ministry of Home Affairs and finalised.	Resources } 5—10th October Plan Schemes }
12. Finance Department should send its budget and supporting documents to Ministry of Home Affairs.	1st November
13. Ministry of Home Affairs with the concurrence of Finance should convey its approval to the budget after discussion, if necessary, with the union territory government.	1st January

# APPENDIX XI

## PROPOSALS FOR DELEGATION OF ADDITIONAL FINANCIAL AND COGNATE POWERS TO TERRITORIAL ADMINISTRATORS

Sl. No.	Nature of Power	Powers of Administrative Ministries	Powers of Administrators	Powers Sought	Recommendations
1	2	3	4	5	6
<i>General</i>					
1.	P.W.D. schedule of rates	Not applicable.	Not applicable.	Administration may be empowered to fix schedules of rates for the Territory instead of following the C.P.-W.D. Schedules.	The local P.W.D. in the Union Territories, is not adequately equipped to fix the schedule of rates, which depends on a careful analysis of statistical data; the prevailing system may, therefore, be allowed to continue.
<i>General Limitations</i>					
2.	Power to sanction expenditure involving introduction of a new principle or practice likely to lead increased expenditure in future. [D.F.P. Rule 3(3)].	Power to sanction expenditure in respect of items provided in the budget after scrutiny by the Ministry of Finance.	Nil	Same as for administrative Ministries.	As the exercise of this power may lead to increased expenditure in future, which may ultimately have to be borne by the Centre, it will not be justified in vesting it with Administrators.
<i>Delegation of Powers</i>					
3.	Powers of Heads of Departments under the Delegation of Financial Powers Rules, 1958, Fundamental Rules and Supplementary Rules,	Not applicable.	Not applicable.	Every departmental head should enjoy the powers of a Head of Department under D.F.P. and other Rules.	The power to declare a Head of Department under the D.F.P. Rules vests in the President. It is, therefore, for the Territorial Administrations

4.	Do.	Do.	Do.	Security Commissioner, NEFA may be declared as a Head of Department under the D.F.P. Rules.	to make specific proposals for declaring suitable officers of their Administrations as Heads of Departments. Each proposal will have to be considered on merits.
5.	Powers of redelegation [D.F.P. Rule 10(2) (3).]	Powers to redelegate in their discretion to subordinate authorities, powers upto the limit of those vested in the Ministries themselves, in respect of matters covered by Schedules II to VII of the D.F.P. Rules.	(i) Powers to redelegate to Heads of Departments under them their own powers in respect of matters covered by Schedules II to VII of the D.F.P. Rules to the extent considered necessary.	Full Powers	These powers may be given. Even now the powers of the Administrators are, more or less, the same as for the administrative Ministries. No further powers appear necessary.
			(ii) Powers to redelegate to Heads of Offices to the extent considered necessary, powers not exceeding those which are enjoyed by Heads of Departments under the D.F.P. Rules. (Only for Delhi and Union Territories with legislatures).		

# APPENDIX XI—Contd.

1	2	3	4	5	6
<i>Creation of posts</i>					
6.	Creation of permanent and temporary posts :				
	(i) Class I posts	Full powers in respect of permanent or temporary Class I posts on pay upto Rs. 2250/- p.m. in the prescribed and Rs. 3000/- in the revised scales of pay and posts in Class II, III and IV Services.	Powers to create only temporary Class I posts for a total period not exceeding 2 years carrying a scale of pay upto Rs. 1800/- p. m. and to which the Administrator is the appointing authority (only for Delhi and Union Territories with legislatures).	(i) Full powers.  (ii) Powers to create Class I temporary posts for any stated period in the P.W.D. and Multipurpose Projects and Power Deptt. of Himachal Pradesh subject to work norms as approved by the Central Government being followed.	The powers available to Administrators already cover all conceivable requirements; a further enhancement of powers is not necessary.
	(ii) Class III posts (D.F.P. Rule 9 and Schedules II & III thereto).	Full powers.	Full powers.	Heads of Departments should have powers to create temporary Class III posts for indefinite period.	Heads of Departments already have full powers to create both permanent and temporary Class III posts.
7.	Conversion of temporary posts into permanent ones.	Full powers.	Full powers in respect of posts in Class II, III & IV. (Only for Delhi and Union Territories with legislatures).	Full powers as for creation of permanent posts.	These powers may be given subject to such general limitations as may be applicable to administrative Ministries in relation to their powers.

# *Appropriation and Reappropriation 1*

## 8. Powers of appropriation and Re-appropriation. [D.F.P. Rule 8(6)(d)].

(i) Full powers;

The same as for an administrative Ministry (only for Delhi and Union Territories with legislatures).

The following general restrictions in regard to re-appropriations should be removed :—

The powers of re-appropriation of Administrators and administrative Ministries are identical. Neither has powers to re-appropriate funds from plan to non-plan items without the approval of the Finance Ministry. No further powers need be given to Administrators.

(ii) Full powers of re-appropriation among the primary units "Pay of Officers", "Pay of establishment", "Allowances & honoraria" and "other charges" under a purpose of appropriation.

(i) from plan to non-plan.

(ii) from one Head to another.

(iii) from one grant to another.

(iii) Full powers to re-appropriate funds between primary units in which provision is made for groups of allied schemes, subject to the grouping of such allied schemes being specified with the previous consent of the Ministry of Finance.

## *Write off of Losses :*

## 9. Powers of write off of losses in respect of :—

(i) Irrecoverable losses of stores or public money—

(i) Irrecoverable losses of stores of public money—

APPENDIX XI—Contd.

1	2	3	4	5	6
	(a) by theft, negligence or fraud;	Rs. 10,000			
	(b) otherwise;	Rs. 25,000	Rs. 25,000		
	(ii) loss of revenue or irrecoverable loans and advances;	Rs. 10,000	Rs. 25,000	Full powers, subject to observance of general instructions issued by the Central Government.	No further powers appear necessary as the Administrators already have more powers than the administrative Ministries.
	(iii) Deficiencies and depreciations in the value of stores included in the stock and other accounts.				
	(D.F.P. Rule 10 and Schedule II thereto).		(For Delhi and Union Territories with legislatures).		
	<i>Waiving of Recovery of Overpayments</i>				
10.	Powers of remission of disallowance by audit and writing off of overpayments. [D.F.P. Rule 10D(2).]	Full powers subject to the general restrictions prescribed in the Rules.	Same as for an administrative Ministry.	Restrictions in sub-rule (2) <i>ibid</i> should be removed.	The limitations prescribed in Sub-rule 2 of Rule 10D apply to the Departments of the Central Government, Administrators, and any subordinate authority; there does not appear to be any reason to make an exception in the case of Administrators.
	<i>Expenditure on Schemes</i>				
11.	Powers of expenditure on schemes. (D.F.P. Rule II).	(i) Power, subject to funds being available by valid ap-	(i) Schemes other than Works—Rs. 50 lakhs.	Powers as for an Administrative Ministry.	Considering the magnitude of schemes likely to be implemented in the Union



appropriation or re-appropriation, to sanction expenditure on various constituent schemes included in a project, irrespective of the magnitude of the expenditure involved, provided, the project as a whole has been scrutinised and accepted by the Ministry for Finance.

- (ii) Power to sanction excess expenditure over the original estimates of sanctioned schemes up to 10% or Rs. one crore whichever is less, in cases where the administrative Ministry is satisfied about the special circumstances justifying the excess.

(ii) Schemes relating to works—Full powers subject to—

(a) Administrative approval for the work has been issued by the competent authority; and

(b) specific budget provision exists. (Only for Delhi and Union Territories with legislatures).

Territories, the powers available at present appear to be more than adequate. If future experience shows that additional powers are required in any particular Territory, further enhancement may be considered.

#### *Contracts and Purchases*

12. Powers of making indents, contracts and purchases.

#### *Purchases*

I—Through D.G.S. & D.

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**APPENDIX XI—Contd.**

1	2	3	4	5	6
(a) of proprietary nature;	Rs. 5.00 lakhs.	Rs. 2.00 lakhs.	(i) Same powers as for and administrative Ministry.	(ii) Full powers.	The powers of Administrators appear to be adequate for the types of cases likely to come up before them. Hence, no enhancement is recommended.
(b) others;	Rs. 25.00 lakhs	Rs. 15.00 lakhs			
II—Direct in emergencies	Rs. 5.00 lakhs	Rs. 2.00 lakhs			
<i>Contracts</i>					
Negotiated or single tender. (D.F.P. Rule 13)	Rs. 10.00 lakhs	Rs. 5.00 lakhs (only for Delhi and Union Territories with legislatures).			
<i>Grants-in-aid and Loans :</i>					
13. Powers of grants-in-aid and loans. (D.F.P. Rule 12)	Full powers subject to the pattern of assistance being approved by the Ministry of Finance.	Same as for an administrative Ministry.	Un-restricted powers; pattern of assistance being approved by the local Finance Department.	There does not appear to be any reason to give higher powers to the Administrators in comparison to the administrative Ministries.	
<i>Contingent and Miscellaneous Expenditure :</i>					
14. Power to incur contingent expenditure.					
(i) Re-imbursement of taxi conveyance hire paid by a gazetted government servant in connec-	Rs. 30/- p.m.	Rs. 30/- p. m. (For all Administrators).	Full powers.	In view of the peculiar needs of Territories like Delhi, this power may be raised to Rs. 50/- p.m.	

tion with the performance of journey within a radius of 8 Kms. on official business.				
(ii) Repairs and alterations in hired buildings.	Rs. 2,500 p.a. non-recurring and Rs. 500/- p.a. recurring.	Same as for an administrative Ministry. (For all Administrators).	Full powers.	These powers may be enhanced to Rs. 5,000 p.a. non-recurring and Rs. 1,000 p.a. recurring.
(iii) Local purchase of stationery.	Upto Rs. 10,000 p.m.	Rs. 10,000 but with the concurrence of the Chief Controller of Printing and Stationery.	Full powers.	Administrators may be given the same power as administrative Ministries.
		(All Administrators except those of A & N Islands and L M & A Islands).		
(iv) Purchase of land.	Full powers for administrative Ministries which have been given separate budget provision not controlled by Ministry of Works, Housing and Supply.	Full powers provided that the cost is included in a scheme, the total expenditure on which is within the power of an Administrator.	Full powers.	No further powers appear necessary.
		(All Administrators)		
(v) Legal charges (D.F.P. Rule 10 and Schedule V).	Rs. 500/- for a case in the High Courts of Bombay, Calcutta, Delhi or Madras; Rs. 400/- for a case in any High Court; and Rs. 100/- for any other Court.	Same as for an Administrative Ministry. (All Administrators)	Full powers.	The limits may be raised to Rs. 500/- for a case in any other High Court and Rs. 200/- for any other Court. Payment of legal charges in excess of these amounts need the concurrence of the Union law Ministry and this should be allowed to continue.

**APPENDIX XI—Contd.**

1	2	3	4	5	6
15.	Powers to incur miscellaneous expenditure. (D.F.P. Rule 10 and Schedule VI).	Full powers except in case of expenditure on foundation laying ceremonies and opening of buildings, the expenditure on which is subject to general instructions.	Same as for administrative Ministries. (Only for Delhi and Union Territories with legislatures).	Full powers.	No further powers appear necessary.
16.	Power to incur contingent or miscellaneous expenditure of an unusual character. [D.F.P. Rule 10 (5)(d)].	No restrictions on incurring of contingent or miscellaneous expenditure of an unusual character.	No such expenditure can be incurred without previous consent of the Finance Ministry.	Full powers subject to general conditions.	May remove the restrictions imposed by rule 10(5)(d) on Administrators so as to achieve parity with administrative Ministries.
17.	Sale of public buildings (D.F.P. Rule 14-B).	Upto book value of Rs. 10000/-.	Same as for an administrative Ministry. (All Administrators).	Full powers.	No further powers appear necessary.
<i>Insurance :</i>					
18.	Insurance of government property. (D.F.P. Rule 10-B).	(i) Power to incur additional expenditure upto Rs. 250/- in each case for booking goods at railway risk.	Nil	Same as for an administrative Ministry.	Administrators may be given the same powers as administrative Ministries.
		(ii) Power to incur charges for insuring vehicles used for purposes connected with any commercial enterprises, against third party risks provided	Do.	Do.	Do.

ed no fund has been established in this behalf under the Motor Vehicles Act, 1959.

*Investments :*


- |     |  |  |     |  |     |
|-----|--|--|-----|--|-----|
| 19. | Power of investment in Government Corporations and companies.<br>(D.F.P. Rule 11-A). | Power to release funds, subject to existence of specific budget provision, for investment in equity capital. | Nil | Same as for an administrative Ministry in respect of corporations and companies wholly owned by the Union Territory Administrations and subject to budget provision. | Do. |
|-----|--|--|-----|--|-----|

*Commutation Money :*

- |     |   |  |     |              |   |
|-----|---|--|-----|--------------|---|
| 20. | Power to pay Commutation money.<br>(D.F.P. Rule 14-A) | Power to debit to the Consolidated Fund of India the commuted value of the portion of the pension of a pensioner, which is divisible between Central Government and State Government, not exceeding the commuted value of the Central Government's share of the pension although the State Government concerned or any of them have not provided any funds to meet the payment of their respective shares of the commuted value. | Nil | Full powers. | Administrators may be given the same powers as administrative Ministries. |
|-----|---|--|-----|--------------|---|

**APPENDIX XI—Contd.**

1	2	3	4	5	6
<i>Miscellaneous :</i>					
21.	Power for providing legal and financial assistance to Government servants involved in legal proceedings. (G. F. Rules 95 & 267-A).	Full powers.	Nil	Full powers.	Administrators may be given the same powers as administrative Ministries.
22.	Power to allow previous service under a local fund to count as duty in Government Service. (F.R. 130)	Full powers.	Nil	Full powers.	Do.
23.	Powers to declare controlling officers. (S.R. 191).	Full powers.	Full powers provided that a Government servant should not be declared as his own controlling officer. (All Administrators).	Full powers.	The powers may be given subject to the condition that no person less than a Secretary shall be declared as his own controlling officer.
24.	Power to grant special Pay [F.R. 9(25)].	No powers excepting special pay allowed for handling cash and stenography allowance.	Same as for administrative Ministries. (All Administrators).	Full powers.	It does not appear necessary to give powers higher than those of administrative Ministries.
25.	Power to allow an honorarium [F.R. 46(b)]	Rs. 1,000 p.a.	Rs. 500 p.a. (All Administrators)	Full powers.	Powers may be given upto Rs. 1,000/- subject to such conditions as may be applicable to administrative Ministries.

26.	Payment of arrears to government servants relating to fixation of pay. (G.F.R. 82 & 83).	Full powers.	Claims which are not over six years old. (All Administrators).	Full powers.	The present powers appear to be quite adequate.
27.	Power to allow a Government servant railway accommodation of a class higher than his entitlement. (S.R. 35).	Nil.	Nil	Full powers.	It does not appear necessary to give higher powers than are available to administrative Ministries.
28.	Power to send a Government servant on deputation out of India. (F.Rs. 50 & 51).	Nil	Nil	Full powers.	Do.
29.	Power to give retrospective effect to sanctions relating to revision of pay or grant of concession. (G.F.R. 42-A).	Nil	Nil	Full powers.	Do. 
30.	Powers to grant deputation allowance.	Full powers.	Power to sanction deputation allowance in cases where the Administrator is appointing authority. (All Administrators).	Full powers.	The powers available to the Administrators cover almost all posts in the Territory, except those borne on cadres of Central or All India Services. These powers appear to be sufficient.
31.	Power to sanction conveyance allowance. (S.R. 25).	Full powers subject to the rates and conditions laid down.	Same as for administrative Ministries but with a monetary limit that the pay and conveyance allowance should not exceed Rs. 500/- p.m. (All Administrators).	Full powers.	Administrators may be given the same powers as administrative Ministries.

# APPENDIX XI--Concl'd.

1	2	3	4	5	6
32.	Power to pay on <i>ad hoc</i> basis the arrears of pay and allowances, etc. (G.F.R. 86).	Upto monetary limit of Rs. 1,000/-.	Upto monetary limit of Rs. 500/-. (All Administrators).	Upto monetary limit of Rs. 2,000/-.	Administrators may be given the same powers as administrative Ministries.
33.	Power to declare an area as having been effected by natural calamity. (G.F.R. 247).	Full powers.	Nil	Full powers.	Power may be given subject to the condition that such declaration will be only for the purpose of G.F.R. 247.
34.	Power to sanction travel by air to officers not normally so entitled. [S.R. 48-B(ii)]	Full powers only in case of absolute urgency and necessity.	Only in case of Grade I Officers except in the case of Manipur, Tripura and the Andaman and Nicobar Islands where such powers have been given in respect of Grades I and II Officers.	Full powers.	These powers are already available in those Territories where they are really required. In other cases it does not appear necessary to enhance the powers of Administrators.
35.	Powers to grant rent free accommodation. [F.R. 45-A(v)].	Full powers under special circumstances.	Full powers in respect of an officer whose pay does not exceed Rs. 100/- p.m.	Full powers.	We understand that as a general policy of Government, grant of rent free accommodation is being discouraged. Hence, it does not appear necessary to enhance the powers of the Administrators.

## NOTES :

1. The proposals for additional financial and cognate powers considered in this Appendix have been received from Territorial Administrations. Some proposals have also been made



in the Report of the Special Study on Himachal Pradesh and they too are included in this Appendix.

2. Several proposals seeking additional powers are based either on an incorrect appreciation of the existing delegation or do not take into account the latest powers delegated to Administrators in Home Ministries Orders No. 3/23/67-F dated 20-10-1967 and No. 3/23/67-Finance dated 24-2-1968. Such proposals have been ignored.
  3. In several cases, in proposing additional financial and cognate powers, the Rules of Business have been quoted. As we have explained in para 251 amendments in the Rules of Business seldom keep pace with the latest delegation orders; hence, they are out of date. We have, therefore, ignored proposals which have relied on the Rules of Business in quoting the existing powers available to Administrators.
  4. We have also ignored a few proposals which are either vague or so general in nature that they encompass a very wide field.
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## APPENDIX XII

### FINANCIAL REQUIREMENTS OF UNION TERRITORIES DURING FOURTH PLAN TO MEET COMMITTED REVENUE EXPENDITURE ON MAINTENANCE OF PLAN SCHEMES COMPLETED UP TO THE END OF 1968-69

(In lakhs of Rupees)

Territory	Plan Expenditure on Revenue Account					Anticipated Maintenance Expenditure					Total for IV Plan period (Column 7 to 11)
	Actuals			Antici- pated Actuals 1967-68	Project- ed Actuals 1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	
	1964-65	1965-66	1966-67								
1	2	3	4	5	6	7	8	9	10	11	12
1. Himachal Pradesh	465·82	557·72	418·34	597·55	690·00	414·00	428·49	443·49	459·01	475·08	2,220·07
2. Goa, Daman & Diu.	264·63	303·49	193·70	241·26	245·00	147·00	152·14	157·46	162·97	168·67	788·24
3. Pondicherry	70·11	88·42	55·35	76·69 (RE)	90·00	54·00	55·89	57·85	59·87	61·97	289·58
4. Manipur	144·32	Not available	105·66 (RE)	107·99 (RE)	120·00	72·00	74·52	77·13	79·83	82·62	386·10
5. Tripura	184·22	208·32	140·82	166·07	185·00	111·00	114·88	118·90	123·06	127·37	595·21
6. Delhi	479·07	623·56	386·96	482·03 (RE)	490·00	294·00	304·29	314·94	325·96	337·37	1,576·56
7. Andaman & Nicobar Islands.	34·54	39·71	41·67	59·98	60·00	36·00	37·26	38·56	39·91	41·31	193·04
8. Laccadive, Minicoy etc.	21·67	21·78	20·23	18·58	25·00	15·00	15·53	16·07	16·63	17·21	80·44

9.	Dadra & Nagar- Haveli.	3·31	6·95	14·18	13·53	18·00	10·80	11·18	11·57	11·97	12·39	57·91
10.	Chandigarh	—	—	12·85	24·66 (RE)	36·00	21·60	22·36	23·14	23·95	24·79	115·84
11.	N.E.F.A.	84·88	121·89	61·97	93·12	80·00	48·00	49·68	51·42	53·22	55·08	257·40
TOTAL						1,223·40	1,266·22	1,310·53	1,356·38	1,403·86	6,580·39	

**NOTES :**

1. Anticipated Actuals for 1967-68 (Column 5) are based on Departmental Actuals. Wherever these figures are not available figures for revised estimates have been adopted and are so indicated.
2. The "Projected" Actuals for 1968-69 (Column 6) are based on the budget estimates for 1968-69 and trend of past expenditure from 1964-65 onwards.
3. In the case of Manipur figures of actual expenditure 1964-65 to 1966-67 were not available; hence, figures for revised estimates have been adopted.

# APPENDIX XIII

## UNION TERRITORY OF DELHI—ESTIMATES OF RECEIPTS ON REVENUE ACCOUNT

(In lakhs of Rupees)

ITEMS	ACTUALS					Anticipated Actuals Rate of Growth %	Anticipated Receipts in 1968-69 (Based on growth rate in col. 7)	Projections for IV Plan Period					TOTAL	REMARKS
	1963-64	1964-65	1965-66	1966-67	1967-68			1969-70	1970-71	1971-72	1972-73	1973-74		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<b>A—Tax Revenues</b>														
1. Sales Tax	895.96	1,108.81	1,244.37	1,557.94	1,804.22	15.2	2,078.46	2,394.38	2,758.32	3,177.58	3,660.57	4,216.98	16,207.83	Growth rate (Col. 7 based on trend) from 1964-65 to 1967-68, after excluding additional income of Rs. 136.23 lakhs in 1966-67 and Rs. 223.79 lakhs in 1967-68 due to fresh taxes.
2. State Excise	147.89	138.44	162.63	229.81	238.68	3.8	247.75	257.16	266.93	277.07	287.60	298.53	1,387.29	Due to constant changes in prohibition policy, growth rate (col. ) based on trend from 1966-67 to 1967-68, which is the normal period.

In 1968-69, the number of country liquor shops has been increased from one to three, but this has not been accompanied by any increase in the total quota of liquor available for sale through these shops. There has also been a sharp increase in licence fee for various types of foreign liquor vendes. It is unlikely that in future these measures will yield additional resources to the extent anticipated in 1968-69. Hence, for fourth Plan period, an average rate of Rs. 80-00 lakhs has been assumed (also see paragraphs 511 and 512).

*327-75	337-16	346-93	357-07	367-60	378-53	1,787-29
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### 3. Taxes on Vehicles.

107.10	117.86	125.67	136.41	152.63	9.3	166.88	183.40	199.36	217.90	238.16	260.31	1,098.13
												Growth rate (col. 7)
												based on trend
												from 1963-64 to
												1967-68.

APPENDIX—XIII—Contd.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
4. (a) Entertainment.	71.04	80.17	87.84	99.96	102.33	9.5	112.05	122.69	134.35	147.11	161.09	176.39	741.63	Growth rate (col. 7) based on trend from 1963-64 to 1967-68.
							@ 56.02	73.61	80.61	88.27	96.65	105.83	444.97	Figures in Cols. 9 to 14 represent 60% increase in tax rate introduced in 1968-69.
(b) Betting	4.87	6.39	7.07	8.44	9.17	13.0	10.36	11.71	13.23	14.95	16.89	19.09	75.87	@ 5/6th of 60% of above tax increase (i.e., for 10 months during 1968-69).
														Growth rate (col. 7) based on trend from 1964-65 to 1967-68.
5. Stamps	120.87	144.37	152.41	167.48	168.89	9.0	184.09	200.66	218.72	238.40	259.86	283.25	1,200.89	Growth rate (col. 7) based on trend from 1963-64 to 1967-68.
6. Registration.	12.10	11.96	13.85	17.38	10.25	12.5	11.53	12.97	14.59	16.41	18.16	20.43	82.56	Growth rate (col. 7) based on trend from 1963-64 to 1966-67 only. The drop in revenues in 1967-68 is due to the recession in the economy. The figures of

anticipated receipts in Cols. 8 to 13 have been worked out with reference to the actual receipts in 1967-68 (Col. 6) after applying the growth rate (Col. 7).

% There is no scope for future growth of land revenue. For reasons for fall in revenue during IV Plan period see 'Explanations'.

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7. Land Revenue.

	13-44	10-28	20-05	11-10	13-75	%	13-00	11-90	10-80	26-70	6-60	6-50	42-50

8. Terminal Tax.

	241-85	264-25	367-10	404-07	435-07	7-0	465-52	498-11	532-98	570-29	610-21	652-92	2,864-51

On the basis of trends from 1965-66 to 1967-68, the growth rate comes to 9.25%. The Terminal Tax Department, however, feels that it will be difficult to sustain this growth rate in future because of sharp increase in rates introduced in the current year. They anticipate that the future rate of growth will only be 5%. We have however, assumed a growth rate of 7% as we feel

## APPENDIX—XIII—Contd.

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
														that the view taken by the Department is unduly pessimistic. The Administration will, however, have to adopt stringent measures to plug leakages of revenue.
TOTAL	1,616.12	1,882.53	2,180.99	2,633.22	2,935.04	3,561.66	3,990.04	4,464.45	5,000.06	5,612.73	6,307.56		25,376.84	
	TOTAL 11,247.90													

B—Non-Tax  
Revenues

1. Interest	61.65	75.06	69.82	100.14	222.47	13.00	127.87	144.49	163.27	184.50	208.49	235.59	936.34	Growth rate (col. 7) based on trend from 1963-64 to 1966-67; 1967-68 has been ignored as it is an abnormal period. The projections in cols. 9 to 14 do not include arrears of interest on loans due from the DESU, DTU and Water Supply and Sewage Disposal Undertaking. This is because of considerable uncertainty whether any amount will be forthcoming from
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## APPENDIX XIII—Contd.

Sl. No.	ITEMS	Anticipated Additional Revenue if Introduced in 1968-69	Rate of Growth %	Projections for the IV Plan Period							Remarks
				1969-70	1970-71	1971-72	1972-73	1973-74	Total		
1	2	3	4	5	6	7	8	9	10		
C—Fresh Measures											
1.	Sales Tax	. . . . .	15.2	52.41	60.41	69.59	80.16	92.34	354.91		
2.	Taxes on Vehicles	. . . . .	9.3	123.89	135.41	148.00	161.76	176.80	745.86		
3.	Stamp Duty	. . . . .	9.0	54.50	59.40	64.70	70.50	76.80	325.90		
4.	Lotteries	. . . . .	..	10.00	10.00	10.00	10.00	10.00	50.00		
5.	Shops & Estt. Registration fees	. . . . .	..	1.75	1.75	1.75	1.75	1.75	8.75		
6.	Enhancement of fees on application forms for employment.	. . . . .	..	0.16	0.16	0.16	0.16	0.16	0.80		
7.	Weights and Measures	. . . . .	5.0	1.58	1.66	1.74	1.83	1.92	8.73		
8.	Education	. . . . .	13.0	4.50	5.10	5.80	6.50	7.30	29.20		
9.	Medical	. . . . .	..	12.00	12.00	12.00	12.00	12.00	60.00		
TOTAL		. . . . .	..	260.79	285.89	313.74	344.66	379.07	1,584.15		
GRAND TOTAL A+B+C		. . . . .	..	4,589.93	5,122.41	5,722.94	6,408.23	7,186.37	29,029.88		

(i) This statement does not include any additional revenue on account of Entertainment Tax and Excise Duty in accordance with our recommendations in paragraphs 506 to 512 for the reasons indicated therein.

(ii) The growth rate in Col. 4 is the same as in Col. 7 of Parts 'A-Tax Revenues' and 'B-Non Tax Revenues'.

### EXPLANATIONS

1. In working out the growth rate (Col. 7) of Parts 'A-Tax Revenues' and 'B-Non Tax Revenues', it was necessary to first ascertain the normal trend during the period 1963-64 to 1967-68. In this analysis, it was necessary to identify the element of additional income attributable to fresh taxation or increase in tax rates so that it could be ignored in arriving at the normal growth rate. In many cases, however, reliable information was not available with the Delhi Administration regarding the actual impact of fresh taxes of increase in tax rates during this period. Wherever such information was lacking, we have calculated the growth rate on the basis of such periods during which no such measures were undertaken, and this has been mentioned in Col. 15 of those Parts.
2. Under Part 'A-Tax Revenues', the growth rate has been calculated on the basis of "actuals" from 1963-64 to 1966-67 and "anticipated actuals" for 1967-68. The growth rate thus derived has been taken as the basis for the projections made for the period 1969-70 to 1973-74.
3. Under Part "B-Non Tax Revenues", in respect of a number of items there is no discernable pattern in the receipts during the period 1963-64 to 1967-68. In such cases it is not possible to derive a growth rate. Hence, the budget estimates for 1968-69 have been adopted in projecting receipts during 1969-70 to 1973-74.
4. Under Part "C-Fresh Measures", we have adopted the growth rate or the budget estimates for 1968-69 as explained in paragraphs 2 to 3 above.
5. In the case of land revenue due to increasing urbanization, the question of growth does not arise. In fact, land revenue may actually decline. In 1964-65 due to floods and water-logging, there was a drop in revenue receipts. In 1965-66, there was again an increase due to recovery of arrears. The Administration has assumed that, in future, income from land revenue will not exceed Rs. 7 lakhs per annum. In addition, arrears amounting to Rs. 17 lakhs, after excluding Rs. 2 lakhs estimated as bad debts, may be recovered in the following manner :

1968-69	.	.	.	.	.	.	Rs. 6 lakhs.
1969-70	.	.	.	.	.	.	Rs. 5 lakhs.
1971-72	.	.	.	.	.	.	Rs. 4 lakhs.

Recovery of arrears at this rate is, however, based on the assumption that this period will be without abnormal drought or flood.

During the next five years due to the acquisition of about 25,000 acres of land for building purposes, land revenue is likely to fall below the normal figures of Rs. 7 lakhs.

Projections of receipts during 1969-70 to 1973-74 have been worked out keeping the above considerations in mind.

## APPENDIX XIV

## ASSESSMENT OF STAFF STRENGTH BY S.I.U. IN HIMACHAL PRADESH, MANIPUR AND PONDICHERRY SECRETARIATS &amp; DIRECTORATES

## PART A—Himachal Pradesh (Secretariat and Directorates)

Organisation	Sanctioned Strength	Working Strength	Assessed Strength	Remarks
1	2	3	4	5
1. Secretariat (Officers)	19	19	18	These proposals entail the reorganisation of work in the Secretariat. The SIU has made specific proposals on this point.
2. Secretariat	405	387	274	
3. Planning and Development Department.	77	79	55*	*This includes a new Planning Cell with a Deputy Director and two clerks.
4. Directorate of Agriculture.	69	63	50	
5. Directorate of Animal Husbandry.	35	33	25	
6. Department of Co-operation.	59	57	31	Registrar Co-operative Societies will also
7. Department of Panchayats.	45	41	26	act as Director, Panchayats.
8. Welfare Branch	26	22	13	Deputy Development Commissioner will also be in charge of Welfare Branch.
9. Forest Department	94	90	80	
10. Directorate of Education.	148	138	125	The SIU's study covered 5 of the 9 branches of the Directorate. Study of 4 branches is to be completed by A.R. Unit of H.P. Admn.
11. Directorate of Civil Supplies.	30	30	24	
12. I.G.P.'s office	35	35	43	In addition to sanctioned strength, IGP, wanted additional staff of 95, SIU has recommended additional staff of 8 only.
13. Multi Purpose Projects Department.	92	91	70	

## APPENDIX XIV—Contd.

Organisation	Sanctioned Strength	Working Strength	Assessed Strength	Remarks
14. Directorate of Health Services.	74	68	50	
15. Directorate of Employment and Training.	18	18	14	
16. Directorate of Tourism	12	12	12	
17. Directorate of Land Records and Consolidation.	19	19	16	
18. Industries Department	76	73	58	
19. Directorate of Economics & Statistics.	69	47	47	
20. Transport Department	80	59	60	
21. Public Works Department.	146	136	124	Instead of two CEs, SIU has recommended only one CE for the whole Territory.
<b>TOTAL</b>	<b>1,628</b>	<b>1,517</b>	<b>1,215</b>	

Surplus over Sanctioned Strength: . . . 413

## PART B—Manipur (Secretariat)

Posts	Sanctioned Strength	Assessed Strength	Leave Reserve	Total	Surplus
Class I . . .	9	8	..	8	1
Class II . . .	16	13	..	13	3
Class III . . .	196	131	13	144	52
Class IV . . .	97	64	5	69	28
<b>GRAND TOTAL</b>	<b>318</b>	<b>216</b>	<b>18</b>	<b>234</b>	<b>84</b>

## PART C—Pondicherry (Secretariat)

Posts	Sanctioned Strength	Agreed Strength	Surplus	Addition Asked for and Prevented
1. Secretaries (including Chief Secretary)	5	5	..	..
2. Deputy Secretary . . .	1	1	..	..
3. Under Secretary . . .	10	8	2	..
4. Stores Superintendent . . .	1	..	1	..
5. Superintendents/Radacteurs.. .	22	18	4	4
6. Assistants and equivalents . . .	63	50	13	9
7. Translators . . .	8	5	3	..
8. LDCs and equivalents . . .	49	35	14	5
9. Stenographer . . .	..	..	..	1

## APPENDIX XVI

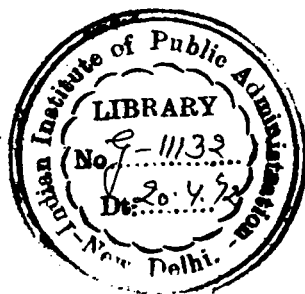
### REGULATIONS PROMULGATED IN THE UNION TERRITORY OF DADRA AND NAGAR-HAVELI

1. The Dadra and Nagar-Haveli (Laws) Regulation, 1963.
2. The Dadra and Nagar-Haveli (Civil Courts and Miscellaneous Provisions) Regulation, 1963.
3. The Dadra and Nagar-Haveli (Delegation of Powers) Regulation, 1964.
4. The Dadra and Nagar-Haveli (Laws) Amendment Regulation, 1965.
5. The Dadra and Nagar-Haveli Village Panchayats Regulation, 1965.
6. The Taxation Laws (Extension to Union Territories) Regulation, 1963.

#### State Acts Extended to Dadra and Nagar-Haveli by Notification under Section 10 of the Dadra and Nagar-Haveli Act, 1961

- 1.\* Gujarat Co-operative Societies Act, 1961.
- 2.\* Bombay Weights and Measures (Enforcement) Act, 1958, as in force in the State of Maharashtra.
3. Bombay Police Act, 1951, as in force in Maharashtra (certain provisions only).
4. Bombay Home Guards Act, 1947, as in force in the State of Maharashtra.
- 5.\* Bombay Animal Preservation Act, 1954, as in force in the State of Gujarat.
6. Bombay Money-lenders Act, 1946, as in force in the State of Maharashtra.
- 7.\* Land Improvement Loans Act, 1883, as in force in the State of Gujarat.
- 8.\* Agriculturists Loans Act, 1884 as in force in the State of Gujarat.
- 9.\* Essential Commodities Act, 1955, as in force in the State of Gujarat.
- 10.\* Expenditure-tax Act, 1957, as in force in the State of Gujarat.

\*Subject to certain modifications.



**CATALOGUED**